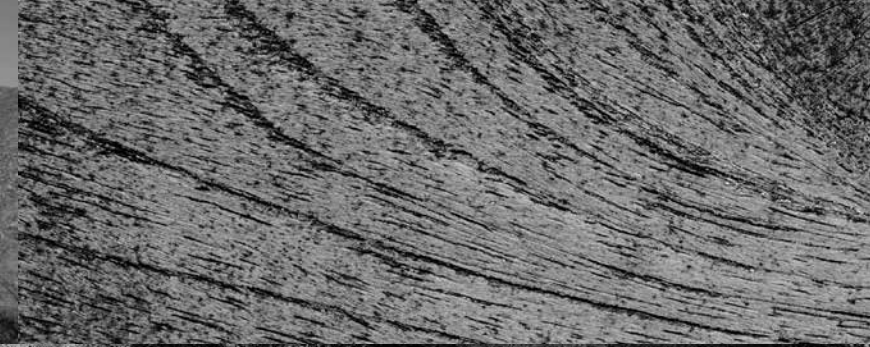
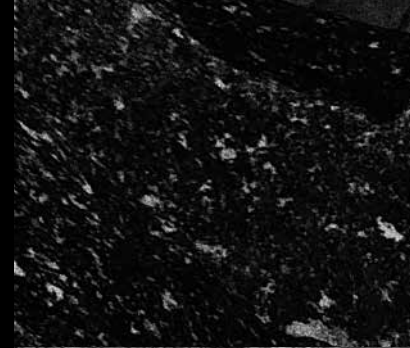
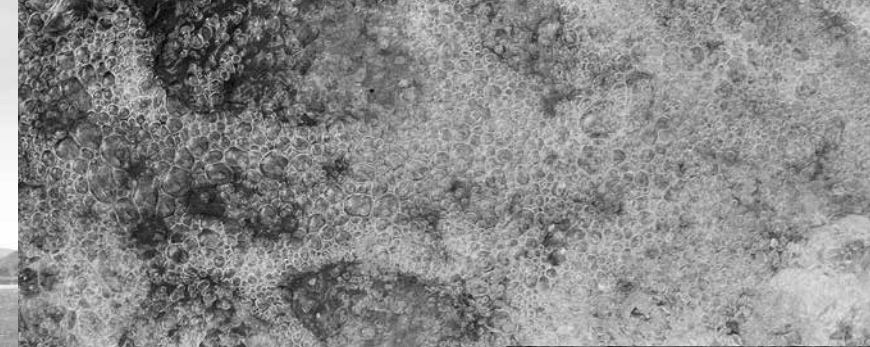
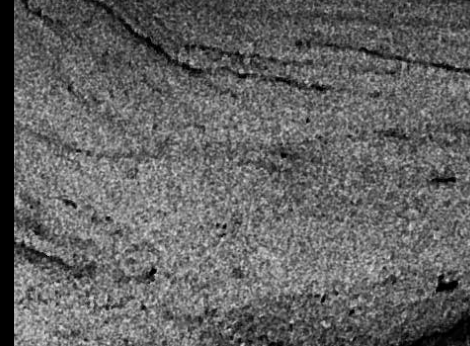


+ Ferreycorp

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UNA EMPRESA FERREYCORP



100 YEARS CREATING DEVELOPMENT

CREDITS

100 YEARS CREATING DEVELOPMENT

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 Jr. Cristóbal de Peralta Norte 820, Santiago de Surco. Lima – Peru
 (51) 626 4000
 clientes@ferreyros.com.pe
 www.ferreycorp.com.pe

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contacto@graficabiblos.com

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ACKNOWLEDGMENTS

In this one-hundred-year history there are countless people who have not been named but have been present. Each one contributed to building this corporation, this collective creation of which we are proud. To them, our recognition and gratitude for their contribution to the progress of our company. Believe us that they have been remembered during these months of recounting facts, memories, documents, and photographs. We have sought to represent them on these pages and reflect the mystique and teamwork that characterizes us. At the same time, the booklets inserted in this book pay tribute to all the workers who have served the company in different positions.

Ferreycorp and its companies bear the imprint of thousands of individuals and hundreds of organizations united in a relationship of trust and desire to excel. It would be impossible to name each and every person who have worked in the organization and all the business partners who have worked side by side with us, year after year, decade after decade. We dedicate this publication to all of them.

Each of the names and testimonies you will read on these pages represent human groups who are recognized and thanked for being a vital source of who we are. They are people and organizations that have been committed to the development of a company that was born a century ago in a property in downtown Lima and whose history is still being written, projecting itself into the next one hundred years.

To our clients, who have allowed us to accompany them in their ventures and their growth to create development in the country by working together with them. All their histories deserve to be highlighted, which would require many volumes. We have avoided naming each one individually, making the account of the evolution of our capabilities the best reflection of their work. We have learned a great deal from all of them. Their demand is our constant incentive, and their loyalty and trust are our best acknowledgments.

To the workers and their families, who have joined us in a business venture based on values, service vocation, and doing things better every day. They carry the company's spirit from generation to generation, dedicating their efforts and a fundamental part of their lives to the country's progress, wearing the company's colors. To those who later took other paths but continue being part of this great family. To all of them, who will always be "a Ferreycorp" wherever they go, transcending by acting in the right way and with a purpose.

To the companies we represent, which from different latitudes set their eyes on us to distribute their products. In a one-hundred-year history in which change, and adaptation have been a transversal axis, some are no longer with us, while others have arrived in recent years. The best expression of long-term relationships is the one we have had with Caterpillar for eighty years. This is why it occupies a significant part of our century and this book. Along with it are countless global companies led by executives with whom we have a close friendship and share a vision of doing things right and serving our clients in the best way possible, creating value with their products and our services.

To our suppliers, who in multiple activities and critical processes join a collective effort with goods and services that allow us to serve our clients. They are a fundamental part of our operation always with the receptivity to adapt to better practices and a great spirit of cooperation.

To our shareholders and creditors, starting with the founding shareholders who with capital and some personal guarantees set an example for the thousands who would come after them and who in one hundred years have bet on a business vision of growth, infrastructure development for the country and customer service. The Peruvian shareholders have been joined by many foreign investors who have believed in Ferreycorp and the region. And to all the creditors in the local and international financial market who always trust us with rigorous credit analysis.

To the community, which welcomes us and motivates us with many success stories and desire for improvement. We have shared many initiatives with educational entities, business organizations, populations in the different regions where we operate, and many other groups that have always welcomed us with open arms. Our gratitude for the special place we have in their minds and hearts and our commitment to continue making positive impacts.

This book begins with a look back at the past (*"If there is a moment to look back at the past and begin to tell this history, it is this: the centenary of Ferreycorp"*) and ends with the knowledge that the company's history is unique but, at the same time, is part of the whole. On that whole, there are you, those we have highlighted above, and those beyond these pages. Looking back is to see that what has been done can only awaken the deepest feelings, which make us appreciate and respect the entire journey of those who have gone before and love this great company even more. We have sustained ourselves on values. We have moved forward resiliently and now plan for the future with hope. Reviewing the past, documenting it, and narrating it in the present have allowed us to reaffirm who we are. Today, in our centenary, we are Ferreycorp, we are Ferreyros, we are that family that continues working closely together to grow, contribute to the country, and live another one hundred years. May it be so.

PRESENTATION

What is the secret of a century-old corporation? With accelerated technological progress, life expectancy at birth for people across the world has increased significantly, from less than 40 years old in the 1920s to more than 70 years old now. But the same is not true of companies. In the last century, companies used to last longer. The lifespan of companies listed in the US S&P 500 has shortened from 67 to 15 years in the past eighty years.

In 2018, three professors linked to the University of Oxford (Alex Hill, Liz Mellon, and Jules Goddard) published in the Harvard Business Review the conclusions of a valuable study that took them five years to carry out on how successful organizations achieve a century of existence.

The book you have in your hands celebrates one of them: Ferreycorp (formerly, Casa Ferreyros) possibly the most successful Peruvian example of transforming a family business into a modern corporation. It began in 1922 as a small groceries, hardware, and pharmaceutical business located at Calle Aldabas 220 in downtown Lima. In 2022, it is a market-leading holding company with Ferreyros as its flagship company that celebrates its first centenary with enthusiasm and expectations.

What can be learned from organizations that turn one hundred years old? The authors of the study suggest that they achieve a complex and wise combination: they maintain a stable core but, at the same time, know how to adapt to disruptive stimuli.

They learn to strike a valuable balance between the traditional and the radical, making them survive and excel. This entertaining book illustrates well such periods at Ferreycorp: its enthusiastic foundation, the crisis of 1929, the business and new ideas incubator, the relationship with Caterpillar, the listing on the Lima Stock Exchange, the celebration of half a century, the various times of crisis, the betting on mining, and the stages of diversification and internationalization, transformation, and sustainability.

Hill-Mellon-Goddard point out a subtle but key difference between young leading companies and century-old corporations. In the business world, CEO tenure is typically around five years, and successions are usually resolved in a few weeks. In organizations that reach the hundred-year mark, on the other hand, they deliberately look for leaders who can lead them for ten years or more. And the process of handing over the baton usually takes no less than a year. In these organizations there is a sensitive awareness that an intangible value is also being passed on, which needs to be recognized and properly cared for. These companies are not looking for leaders with big egos, but empathetic people who know how to lead powerful and well-articulated teams in the efforts to serve their clients innovatively.

Every company goes through successive growth crises. What is it that helps a company survive growth crises? First, having a strong culture deeply embedded in how the company does things. With such a culture, workers and management understand well

what is required of them and are willing to give their best in such efforts and sacrifice, in doing things right and in always keeping their word. I remember the first time, almost fifty years ago, I walked into the offices located at Avenida Industrial 675 and sensed that unique culture in the environment. And anyone visiting Ferreycorp's head office in Surco would get a similar impression.

Another characteristic of companies that reach the hundred-year mark is the close relationship they achieve with their associates and suppliers. In Peru, "Ferreyros is Caterpillar" and "Caterpillar is Ferreyros" are often repeated. Cat is the world's leading manufacturer of construction machinery, mining equipment, diesel engines, and industrial gas turbines, which will become a centenarian... in 2025! In 1966, when Carlos Ferreyros received a letter from a Cat senior executive informing him that the company that he headed had become the leading Cat dealer in all Latin America, it was a source of natural pride for the entire organization as the Peruvian economy was only the sixth largest in the region.

And it is not only multiple successes that are recorded in a one-hundred-year span. There are also very difficult times. In the late 1980s, Peru was shaken by hyperinflation and terrorism. As this history tells, Ferreyros was particularly affected by terrorist insanity. Overcoming such dramatic events contributes to the spirit of solidarity and the internal strengthening of any human team.

Companies that develop unique relationships with their workers reach the hun-

dred-year mark. The accounts and photos in this book are clear evidence of this. When the business ceased to be family-owned and operated due to the requirements of its dynamics and moved towards a more flexible and open corporate structure, the company maintained the value of respect, the sense of belonging, the strong commitment, the smooth communication, and the valuable traditions it has accumulated over time.

And it is also characteristic of century-old corporations that their leaders contribute with their time, knowledge and energy for the best institutional development of the societies in which they operate. This has been a continuous policy of Ferreycorp, which has been repeatedly recognized and awarded for its good corporate governance.

It is estimated that only 0.5% of companies reach the hundred-year mark. This book illustrates the path of one of the most outstanding Peruvian corporations that celebrates this milestone, fully prepared to face with confidence and optimism the various challenges that lie ahead.

Congratulations, and may there be many more years!



Felipe Ortiz de Zevallos

PROLOGUE

The development of countries and the well-being of their people are closely linked to hard work, initiative, organization, and inventiveness with which citizens join together to attract investment and talent that can generate products and services with sufficient productivity, competing and sustainably creating value.

Without these companies, first small and hopefully increasingly large and solid in a constant process of innovation to endure over time, there is no development or well-being.

Ferreycorp is one of the few Peruvian companies that has completed a successful century of life despite the eventfulness of the country's history. It has created development not only for Peru but for the other countries in which it operates today, to the benefit of all its stakeholders.

In the adventure of doing business day by day, Ferreycorp has shown for one hundred years that it is necessary to understand that change is the only constant to be successful, as we can prove by revisiting our history that we share on these pages. In a world in which change is accelerating, this ability together with trust and cooperation – two qualities that we have treasured as an organization over the years – have brought us to where we are today and give us the strength to face the next one hundred years on the path of development with a clear vision of the future.

Ferreycorp started as a promoter of various businesses and undertakings. Eighty years ago, it began the great partnership with Caterpillar, characterized by teamwork, cooperation and support, especially in the hardest moments each went through. Caterpillar has been joined by other major manufacturers who have also bet on a very

strong long-term relationship and the trust our clients have placed in us and, reciprocally, we have bet on their business vision and the potential of their sectors and activities.

We are very proud and, at the same time, committed to what we have contributed to our clients through our portfolio of goods and services with permanent innovation and adoption of technological developments. This represents a great responsibility for what we will undertake from now on. We are carriers of transformation, and we constantly train our employees so that they, in turn, can enhance it and be catalysts of new technologies. For example, the personnel team in the Component Rebuild Centers (CRCs) at Ferreyros in Peru performs sophisticated machinery reconstructions under world-class standards, which – in addition to efficiency for our clients – allows for a more responsible use of natural resources.

Our ubiquity and accompaniment to our clients wherever they need us, in any geography or under any circumstance, is an attribute that has increased the trust that has been the basis of our long-term relationship. Thanks to our clients, we are present in projects of great impact in the country, which allows us to fulfil our purpose of creating development.

Over these one hundred years, the great family of workers, a group of people who passionately joined our mission, has also forged reciprocal trust first with the enterprising founders and then with those who, from the board of directors and management, continued leading and building the company in the decades that followed. Seven generations contributing with the same mystique: creating development for the company, themselves, their families and the society. That mystique united the cast of each

era in which it was their turn to contribute, and that today unites all *"the Ferreyros"*, all *"the Ferreycorp"*, even despite the passage of time and distance.

We have wanted this history to be told not only through documents and publications but through the accounts of some of its actors that we hope will represent the testimonies that for lack of time and space we have not been able to collect from all the thousands of workers in these ten decades. The booklets included in this publication make it possible to learn more about the roles of our people always wearing the company's colors.

Today, Ferreycorp is a company that has adopted the best standards known across the world and is one of the few companies with a widespread shareholding structure in the country, which has won the trust of national and international investors, including companies, investment and pension funds, and private shareholders from different parts of the world.

Along with our business bets, we are present in many regions of the country and undertake our initiatives with an impact on the community. Special mention should be made of the *Asociación Ferreycorp* (formerly, *Fundación Ferreyros*), which has been training young people across the country – already more than forty thousand – in professional attitudes and values, improving their employability. In the same way, it highlights our vocation to promote the talent of thousands of heavy machinery operators and technicians with whom the organization shares its knowledge.

Our one hundred years of transparent management based on values and aimed at impacting all our stakeholders, also evidence the relevance of private companies in the fabric of our societies, generating

employment, promoting standards, and launching in-house business methodologies and technologies that public and social organizations then use.

At a critical moment in the history of Peru, and perhaps of the world, when distrust in many institutions, including the private sector, is growing, we present this book as a testimony and commitment that entrepreneurs can and should develop great things by calling on others, disseminating good practices, seeking as good corporate citizens to impact the society as a whole and being faithful to our purpose.

At Ferreycorp, from the board of directors, management and all workers, together with our clients, the companies we represent, our suppliers, and investors, we have been creating development for one hundred years and are excited to continue doing so for many more years to come.

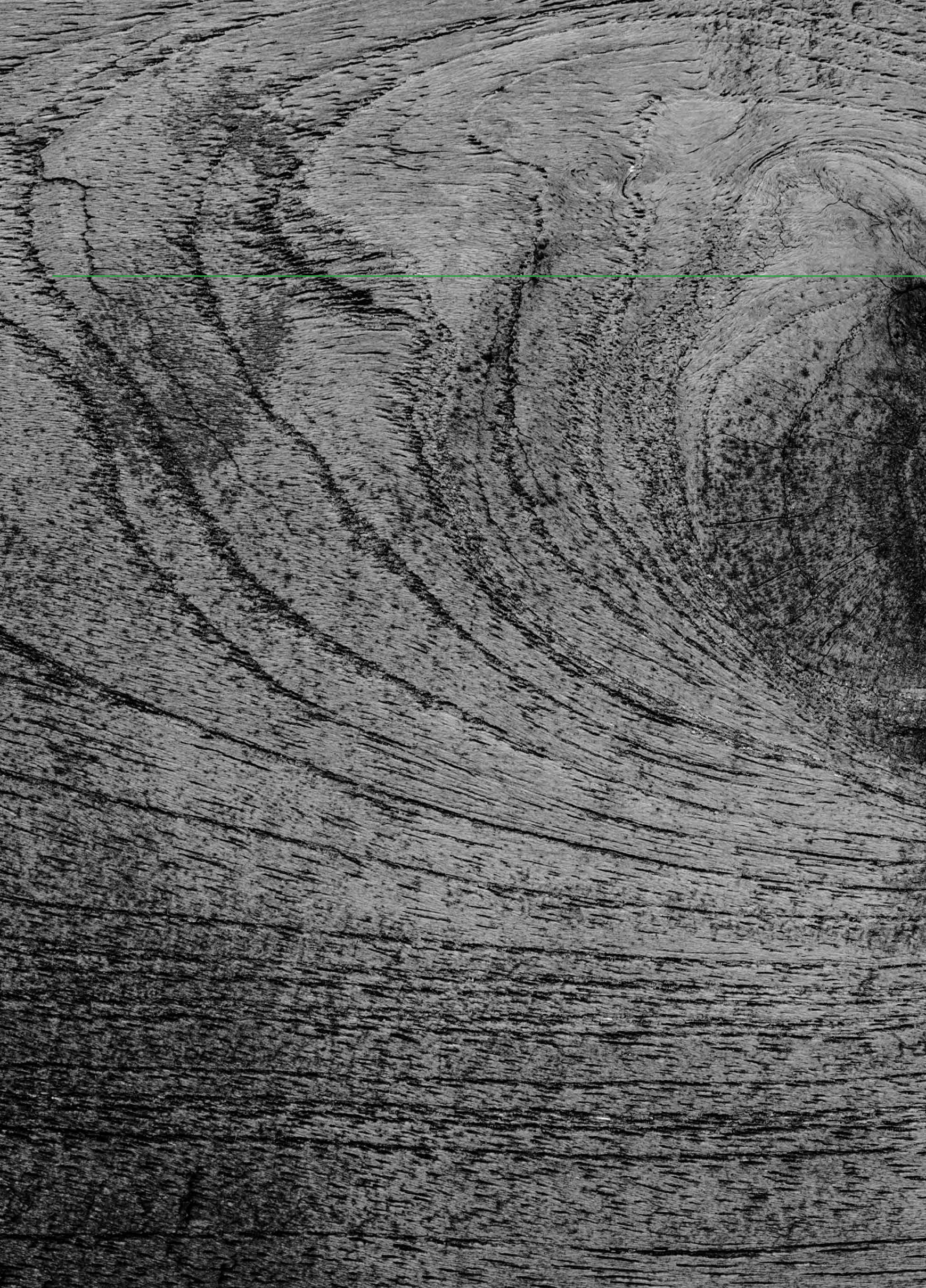
We offer this publication as a tribute to those who have made history with us and echo the dedication on the sculpture commemorating the 50th anniversary that was unveiled in 1972: *"To the men and women who contributed to its progress."* Today, on the 100th anniversary in 2022, I would add: *"To the men and women who contributed to its progress, who together created development for one hundred years and who will continue to create it for the next one hundred years."*



Andreas von Wedemeyer Knigge
Chairman of the Board of Directors

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CHAPTER 1

1922

■ THE COURAGE OF THE FOUNDERS

1932



Entry and unloading of export products from the port of El Callao in the 1920s.

If there is a moment to look back at the past and begin to tell this history, it is this: the centenary of Ferreycorp. Seen a century later, the beginning may sound like a tale of adventure and daring. The history of three brothers and two friends who join together to create something that tests the strongest bonds, such as an entrepreneurship. Five Peruvians who decide to form a company to sell imported products. Enrique Ferreyros Ayulo, the group leader, traveled by ship to England in 1922 to close trade agreements, while in Peru, his brothers Alfredo and Manuel and their friends Carlos Semsch Strom and Enrique Swayne Argote arranged logistics to operate in Lima. The formula began to yield results, and the inventory of products – very varied and from different countries of origin– began to be prepared: birdseed from Argentina, rice from Siam, cinnamon sticks and tea from Ceylon, cement from Germany, boneless sardines from France, pots from England... as shown by the records of the time and the advertisements in the Peruvian press. When seen from that point of view, the magnitude of what was achieved by those who were there at the beginning was gigantic, especially when observing what followed with the sale of machinery, spare parts, services and complementary goods for the country's main sectors. The world that opens up when looking back may sound almost magical and the reality forces us to ask ourselves: how did a company formed by three brothers and two friends engaged in the sale of groceries and hardware products become the Ferreycorp holding company, present in different Latin American countries, with Ferreyros as the largest subsidiary company in Peru? What happened for it to become the expression of the country's growth and development?

Courage. With it, this history began on September 14, 1922.

The beginning of everything: Calle Aldabas 220, the first premises of Enrique Ferreyros y Cia. Soc. en Cdta.

HOW DOES A COMPANY THAT SOLD GROCERIES AND HARDWARE PRODUCTS BECOME THE FERREYCORP HOLDING COMPANY?

A year before, in 1921, Peru was celebrating the centenary of its Independence. The capital was expectantly living the celebrations, which began with the unveiling of the monument to José de San Martín in the square that bears his name. Days later, Peruvians attended various ceremonies, such as the laying of the first stone of the Stadium, later, the *Estadio Nacional*, a gift from the British colony settled in the country.

Two years earlier, in 1920, Peru had reached high levels of growth. The prices of raw materials rebounded shortly after the outbreak of World War I and generated the expansion of crops in country estates, where more land was allocated to produce cotton and sugar. Such raw materials, together with copper, represented more than half of the country's exports.

The 1920s – under the second government of Augusto B. Leguía (1919-1930), and until the world crisis of 1929 – was a period of bonanza with strong investments in different parts of Peru translated into road infrastructure projects, such as road and rail networks,



**THE STORY OF THREE BROTHERS
AND TWO FRIENDS WHO
JOINED TOGETHER TO CREATE
SOMETHING THAT TESTED THE
STRONGEST BONDS, SUCH AS
AN ENTREPRENEURSHIP.**



The personnel of the company Enrique Ferreyros y Cía. Soc. en Cda. to its worthy boss and founder Don Enrique Ferreyros (commemorative photo), July 30, 1928.

SINCE THOSE TIMES, PERUVIAN TRADE HAS BEEN CLOSELY LINKED TO INTERNATIONAL MARKETS. ENRIQUE FERREYROS AYULO WAS FAMILIAR WITH EVERYTHING BECAUSE OF HIS PREVIOUS EXPERIENCES.

sources available; Banco del Peru y Londres presented the Safe Deposit Box Department in its offices; Banco Italiano (currently, BCP) highlighted its capacity to carry out all operations in better conditions, and Banco Internacional del Peru stood out because of its years of existence and experience. The economic and commercial movement was also seen in the provinces with important family trading houses, such as Gallo Hermanos in Cerro de Pasco and Huánuco, Traverso Hermanos in Huancayo, Praeli Hermanos in Tarma and Tealdo Hermanos in Junín. This was the time when Enrique Ferreyros Ayulo served as the company's general manager and, at the same time, as director and president of banks and insurance companies. It was something that often happened with other leaders of the most prestigious firms who held board positions in strategic companies, thus creating a virtuous circle of entrepreneurs and promoters of the country's economic growth.

Being informed about markets and new products is as valuable as the liquidity of the business. The company understood that this

was the way forward: having capital to stay one step ahead, diversify products and expand as Peru developed. From the first premises at Aldabas 220 where it all began, it moved to operate in two premises the following year: Aldabas 273-279 and Beytia 337, in blocks two and three of what today is known as Jirón Azángaro in the Historic Center of Lima. By 1925, they added one more premises at San Jose 376-380, on what is now Jirón Junín. Access to prestigious brands and the ability to control the import flow are critical factors, and the company has been addressing them from the start. The three premises housed a varied product offering that expanded year after year, including in the sales catalog everything from an Aldor sprayer for cotton growers and yellow grease for machinery to shelled sweet almonds, bell peppers, tomato paste, Veuve Clicquot champagne and Grand Bourgogne sparkling wine.

The social, cultural, and political life in Lima, a capital city that began to take shape in terms of urban planning and where less than a quarter of one million people lived, was vibrant in the 1920s. We only need to see what happened at that time: while in the field of poetry, José Santos Chocano recited his creations at the Forero theater and was called "The Singer of America," in the field of politics, Víctor Raúl Haya de la Torre founded the American Popular Revolutionary Alliance (APRA) and José Carlos Mariátegui the Peruvian Socialist Party. During this period, Enrique's son Carlos Ferreyros Ribeyro joined the company at the age of nineteen.

In 1929, the news of the reincorporation of Tacna to Peru made the headlines of the Peruvian press and brought the War of the Pacific to the present. Casa Ferreyros, as it was known at that time and as it is still remembered by some today, continued on the



**CASA FERREYROS,
AS IT IS KNOWN,
CONTINUED ON
THE PATH OF EFFORT
AND SACRIFICE,
OF ALWAYS DOING
THINGS RIGHT AND
HONORING THE
WORD.**



Casa Ferreyros located at Calle Aldabas 279, the company's second premises.

path of effort and sacrifice, of always doing things right and honoring the word. Thus, the inventory was growing, and so were the desks with personnel in the offices. No one, not even the reports of foreign banks, had any idea of what was about to happen a few months later: the crash of the New York Stock Exchange and the subsequent Great Depression. Even banking experts initially said that it was only a temporary downturn without realizing its depth.

This is the first crisis experienced by the company in its 100 years. Later, with time, it would understand that crises are cyclical and that the initial commitment to diversification and careful financial management are and will be the key to getting through them. But that was not the only thing that happened to and impacted the company.

The 1931 organization chart shows Enrique Ferreyros Ayulo as general manager. That year, the company changed from a limited partnership to a corporation and received a capital injection of one million Peruvian pounds. The board of directors chaired by Carlos Semsch had Hector García y Lastres as vice-chairman, and Carlos García Gastañeta (representing Alfredo Ferreyros Ayulo), Manuel Ferreyros Ayulo, and Carlos Ferreyros Ribeyro as directors.

The latter and Luis Ferreyros were below general management. If you look at the list, there is a total of thirty-eight people assigned to Merchandise, Sales, Cotton, Drugs, Accounting, Cashier, Warehouse, and Correspondence, six of whom were women. In addition, the picture of one of the premises shows only a woman in the foreground among a group of men. Although Leguía had been overthrown by Luis Sánchez Cerro a

year earlier and the negative impact on the Peruvian economy also suffered by banks and trading houses, the company had a consolidated team and was prepared to overcome any difficulties, as shown in the year-end balance sheet: satisfactory results.

In January 1932, the company's board of directors approved a trip to Europe by Enrique Ferreyros Ayulo to deal with health issues. Three months later, at a board meeting, the chairman Carlos Semsch expressed his sorrow for the loss of the company's founding partner and general manager: *"He was not only the company's founder, but was responsible for the prosperous state of the company's business because of his exceptional capacity, his expertise in trade and his spirit of rectitude."* At that time, the board of directors proposed an oil painting of Enrique Ferreyros Ayulo be painted.

The portrait at the company's head office shows him in a dark suit with a light shirt and tie, his mustache short and bushy, and his orderly hair. The leader and founder's gaze seems to follow attentively the movements of the workers who pass in front of his portrait while they, perhaps, ask themselves: how does this history continue without him?



Enrique Ferreyros Ayulo, the company's founding leader.



Sales and exhibition rooms of Casa Ferreyros with tires from the U.S. company General Tire, 1930s.

**THE COMPANY UNDERSTOOD
THAT THIS WAS THE WAY
FORWARD: HAVING CAPITAL
TO DIVERSIFY PRODUCTS
AND EXPAND AS PERU
DEVELOPED.**

1922 - 1932

THE COURAGE OF THE FOUNDERS

DATES AND OPENING

1922

ON SEPTEMBER 14, 1922, ENRIQUE FERREYROS Y COMPAÑÍA SOCIEDAD EN COMANDITA WAS INCORPORATED BY PUBLIC DEED, AND ON SEPTEMBER 23, 1922, IT OPENED ITS FIRST PREMISES. NINE YEARS LATER, ON SEPTEMBER 21, 1931, THE COMPANY BECAME ENRIQUE FERREYROS Y COMPAÑÍA SOCIEDAD ANONIMA.



**MOSTAZA
BOCQUET**

DE VENTA EN

TODAS LAS BODEGAS

Unicas Agentes

Enrique Ferreyros y Cia.

San José 376-380—Tel. 2139

FIRST STAGE

The company was engaged in selling groceries and hardware and pharmaceutical products. Casa Ferreyros, as it is known, had a portfolio with various imported items during those early years. It was a small business compared to the existing foreign firms.



“

The origin of the company, in addition to business understanding, had creativity, vision and sense of opportunity. It bet on people and quality products.

”

THE PROSPERITY OF THE 1920S GAVE WAY TO THE FEELING THAT ANYTHING WAS POSSIBLE. AND THAT WAS WHAT ENRIQUE FERREYROS AYULO BELIEVED IN, WHO TOGETHER WITH HIS BROTHERS AND FRIENDS FORMED THE COMPANY THAT IS NOW CELEBRATING ITS 100TH ANNIVERSARY.



GROWTH

The company grew very quickly from one to three premises, all located in the Historic Center of Lima. In a decade, it also went from having less than ten workers to having forty-one; six of them were women. The founder's son Carlos Ferreyros Ribeyro joined the company in 1926 when he was only nineteen years old.



ENTREPRENEURSHIP

If you review the inventory of the time (from products for animals to others to treat human diseases), you can notice that the company imported and sought brand representations to cover a broad range, relying on customers' response. It showed vision, leadership, and a sense of opportunity.



DEPARTURE 1932

In April 1932, the leader and founder of Ferreyrcorp Enrique Ferreyros Ayulo died. Over the ten years that he led the company, he laid the foundations of the business, as well as a key value in the company's workers until now: honoring the word.



CHAPTER II

1933

■ BUSINESS AND NEW
IDEAS INCUBATOR

1942



Casa Ferreyros sales office and personnel.

It was April 1933. Manuel Ferreyros Ayulo replaced Carlos Semsch as the company's chairman, and it was the first anniversary of Enrique Ferreyros Ayulo's departure. Absences leave gaps that are difficult to fill. When the founder's health was compromised, Carlos Ferreyros Ribeyro and Luis Ferreyros took charge of managing the trading house's business. After his death, they continued working that way without appointing a general manager to replace him. That year, the company began to operate in England.

From the beginning, London and Liverpool have been strategic operations centers for the company. Enrique Ferreyros Ayulo's first trips to London in 1922 were followed by his brother Alfredo's move to Liverpool. By 1925, Alfredo began austere business of importing Peruvian raw materials. From there, he managed the arrival of Peruvian products to Europe, such as cotton and its seeds, sugar, coffee, and alpaca wool, acquired from producers to whom occasionally capital was provided to expand their production capacities. He also exported to Peru English and European manufactured products, especially groceries, and others from the East Indies, what is now Asia. The positive results led Alfredo Ferreyros to establish himself in London, as agreed by the board of directors on January 30, 1933.

The representation in London was a crucial point to better face the unfavorable scenario: the devaluation of the Peruvian currency and the demand contraction after the crash of 1929. The company extended the line of credit of the English trading house to ensure the consignments of products imported from Peru. This was the case from 1933 to 1938, the year before the World War II when the English representation was closed until 1946 when it reopened under the name of Enrique Ferreyros y Cia. Ltda. But that was to happen later.

THE BUSINESS
WAS OPERATING
AS ENRIQUE
FERREYROS AYULO
LEFT IT, GRADUALLY
INCLUDING OTHER
ACTIVITIES.

During the 1930s, the company's results were very satisfactory. The business was operating as Enrique Ferreyros Ayulo left it, gradually including other activities. Although his physical body was no longer there, his figure and leadership were still present. It took three years for someone to take over his position in the company. This period, in addition to revealing what Ferreyros Ayulo represented for everyone, shows a sign of the company: leaders are forged over time and are the result of a patient training process in which they build bonds and transmit the company's values to the workers and the community.

This period is known as the company's first stage, as Carlos Ferreyros Ribeyro will later state. It was he, the founder's son, who took over the general management on June 28, 1935, at the age of twenty-eight. The company – everyone agreed – was in good hands.

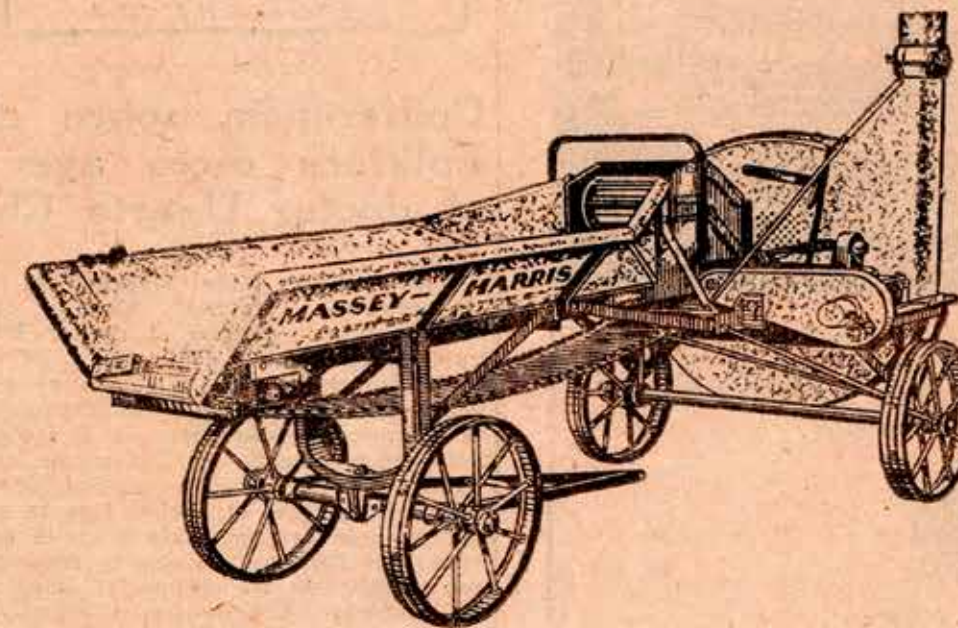
Carlos Ferreyros Ribeyro began to give character and tone to the company with his nature and his values: ethics and the im-

Since its inception, Enrique Ferreyros & Cia. has marketed some machinery to bring development to the country. Advertisement of the representation of agricultural machinery, La Prensa newspaper, the early 1940s.

MAQUINARIA PARA ESTABLECIMIENTOS:

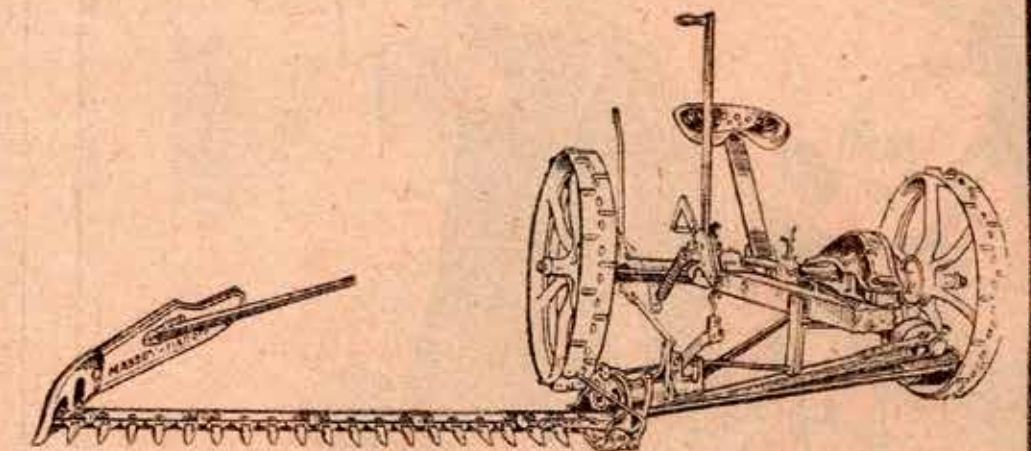
GANADEROS

"MASSEY-HARRIS"
TORONTO (CANADA)

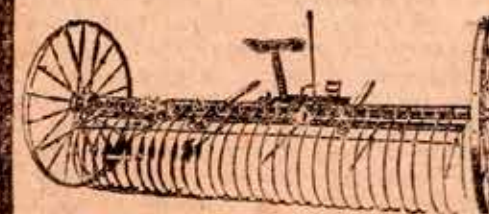


Picadora ensiladora "Massey-Harris" No. 8 de mucha capacidad para servicio en establos lecheros.

Grasadora "Massey-Harris" No. 33 en baño de aceite, de 4 ½ y 5 pies de corte.



Rastrillo "Massey-Harris" No. 3 A de 6-8-10 pies de ancho.



Representantes exclusivos para el Perú:

ENRIQUE FERREYROS & CIA., S. A.

LIMA

Agencias: Arequipa, Ica, Pisco, Chiclayo, Piura, Huancayo e Iquitos.



Manuel Ferreyros Ayulo, the founder's brother, took over the company's chairmanship in replacement of Carlos Semsch and in the absence of Don Enrique Ferreyros A.

portance of honoring commitments and the word, responsibility, cordiality, good service, and correctness in every act. With his strong leadership and, at the same time, warm treatment, business progressed, and the company became a reference in Peru in those years. Lima's business community and society began to recognize the general manager's thick and portentous voice, imposing figure, and overwhelming personality. It was him that Caterpillar looked for in 1942, but in the 1930s, other business alliances arose.

His business skills made the company become a reference in those years: raw materials production, industrial and consumer goods factories offered the company exclusivity in distributing their products. Confident that Ferreyros would open more markets for them, they even decided to increase their production through loans and even capital contributions. For Ferreyros, being part of the shareholding served as a basis for developing other industrial businesses.

Ever since, the nature of a holding company can already be appreciated, which is a group of companies in which a parent company invests in different businesses and diversifies the portfolio.

At the board meetings, different proposals were raised, and investments were analyzed based on the value that Ferreyros could contribute to the business – especially with its commercial strength –, the dividends it could leave, and the company's experience in the area. The controls exercised by the Peruvian government adversely impacting the groceries market were also analyzed. The new business list shows the cookie factory Arturo Field y la Estrella Ltda., the paper bag manufacturer Konrad Linder, Papelera Peruana S. A., the Chilean nail factory Federico Kreitz y Cia. Ltda., with whom the company set up

a factory in Lima and became partners, the Instituto Sanitas de Chile, with whom the company set up a laboratory and formed the Instituto Sanitas Sociedad Peruana... and so many others. The highest number of business lines was reflected in the new warehouse on Avenida Union, the construction of which ended in mid-1937.

To promote some products, such as cotton, cottonseed, and copper, the company developed partnerships and created Exportadora Peruana S.A. in March 1938. It also agreed with leading trading houses, such as Duncan Fox and Berckemeyer, to acquire large volumes of imported products. However, the company kept coffee and alpaca wool sales.

Casa Ferreyros became what today, many decades later, is known as a "business incubator."

"What happened was that Ferreyros had a very powerful weapon that other similar companies did not manage to have: it had sales points across the country. It had what was called "traveling salesmen." The traveling salesman was an institution in each locality. There were many of them with a significant personal presence. They had been selected very well. I traveled with them, and it was impressive the way they were received. They were very respected. They even were the godparents of children who lived in such localities and a series of other very particular relationships – which are not in the administration manuals. It was a network of people across the country. This made Ferreyros very interesting for foreign companies to represent them. There was the desire to be linked even occasionally with some capital contribution," highlights José Tagle, who was the company's general manager and director, in an interview conducted by Professor Martin Monsalve Zanatti, head of the Academic De-



Tomás Álvarez Maza and Richard W. Hughes. The former opened the Arequipa branch in 1940 and later became head of branches. The latter started serving as export manager until he was promoted to manager in the London branch.

partment of Humanities of the Universidad del Pacífico.

The decade ended with the beginning of World War II, which broke out on September 1, 1939. Most of the goods imported by the company came from countries in conflict and were difficult to replace. The board of directors agreed that, regardless of the problems that arose, the company had to maintain and honor its commitments. Fortunately, opening up to new industries brought positive results. Especially later when Caterpillar knocked on the company's door.

A year after the war, the company took an important step in its quest to expand. In mid-1940, Tomás Álvarez Maza took charge of organizing and directing the National Industries section, which began to grow due to the number of suppliers of different goods that the company sold in the country. Growing also meant going beyond Lima, so in September of that year, Álvarez Maza opened the first branch in Arequipa to position itself in the south. Later, he would seek to have a presence in the north after injecting capital into a leather and seed oil distributor with the international house Duncan Fox.

In mid-1941, the war made visible the effects of the sanctions imposed on relations with some countries. The company evaluated some of its supply and credit sources and initiated relations with major banks in Canada and the United States. The Peruvian government under the presidency of Manuel Prado Ugarteche (1939-1945) took a supportive position of the Allies. Under Prado govern, the country began to move towards an era of modernization by promoting relevant public works (hospitals and access roads), industrial development, literacy for

the Andean populations, and national education. In this scenario, the company, in addition to its head office, had other investments, such as Exportadora Peruana S.A., Instituto Sanitas Sociedad Peruana, Cia. Industrial Union, and Papelera Peruana S.A. The most recent creation was Industrias Reunidas S.A., which arose after the brass container manufacturing business.

The search for new opportunities under changing scenarios has been a distinctive feature of the corporation until today: it advances in the present to conquer the future. Sometimes the results are not as expected, but one aspect always remains clear: building long-term relationships with customers honestly, transparently and respecting processes. And above all, it reveals something essential in how the company operates: it has a face and a voice through its managers and workers who do everything possible to be close to the people involved in the business. That was what Caterpillar was going to know about in 1942, the year in which it proposed to the company the business that would boost its growth.

To understand one of the episodes that marked the company's history, it is necessary to dig deep into the memory of those who listened to their predecessors' testimonies. Histories that have survived the passage of time. The turning point for the company occurred on November 6, 1942. None of the members who took part in that meeting are alive today but there are the minutes to prove that on that day, the board of directors presided over by Manuel Ferreyros Ayulo informed that Caterpillar Tractor Co. had appointed the Peruvian company as its exclusive dealer in the country. As in every important moment of a company, questions arise: Why did Caterpillar choose

**A SIGN OF THE COMPANY:
LEADERS ARE FORGED OVER
TIME AND ARE THE RESULT OF A
PATIENT TRAINING PROCESS.**

IT WAS A MAJOR CHANGE FOR THE DIRECTORS OF FERREYROS OF THAT TIME: SELLING MACHINERY AND SPARE PARTS, AND SETTING UP REPAIR SHOPS, A REAL CHALLENGE.

them? Who told them about Ferreyros? What was the origin of that meeting? How did it go? Were there any doubts for the company about entering the machinery business?

“When we took over the Caterpillar’s dealership, I was in school: I was six years old. They visited my dad at the Beytia offices in the Historic Center of Lima, and offered him to represent the Caterpillar line. Did someone tell them about Ferreyros in the United States? What was the origin? I imagine that Caterpillar visited others in Lima. I believe that among the candidates was Grace, which at that time was a company that marketed well. It was a major change for the directors of Ferreyros of that time: selling machinery and spare parts, and setting up repair shops, a real challenge. There were many discussions about whether to take that risk or continue as we were until it was approved by the board of directors, and they asked my father to sign the agreement. We had no experience. We had to invest in infrastructure, and increase our working capital. It was another world, playing in another league. Fortunately, the decision was made to accept the Caterpillar brand,” recalls Carlos Ferreyros Aspillaga, grandson of founder Enrique Ferreyros Ayulo and son of Carlos Ferreyros Ribeyro. Names and surnames that were repeated on the boards of directors in the first decades of the company as it was a company with shareholders, directors, and managers belonging to the founding families, which gradually evolved into a firm led by independent management.

It is known that his father Carlos Ferreyros Ribeyro, then general manager of the company, met with a Caterpillar Tractor Co. representative that came to Peru. Beyond that, some accounts tell that Caterpillar had seen with good eyes the seriousness with which Ferreyros worked and operated the different

businesses, his knowledge of foreign trade, and the relationships he already had with other foreign companies.

“Caterpillar explains much of Ferreyrcorp’s history. Things would have been tougher without Caterpillar. Obtaining and honoring that agreement was invaluable. Every work in Peru, all the mining activity, needs earth-moving, and Caterpillar has been and is the leader in the market of that machinery. The Caterpillar footprint is everywhere. We have made Caterpillar’s high standards our own for the satisfaction of our customers across the country, building with all parties a true relationship of friendship and work,” tells Oscar Espinosa Bedoya, who worked for nearly forty years in the company occupying the highest positions, such as general manager and executive chairman of the board of directors. Espinosa, whose name is among the company’s great leaders, knows the history from the direct source. It is they, the leaders, who have been making efforts to keep the company’s memory alive.

“Let us back in 1942. I imagine that upon meeting with Mr. Ferreyros and offering him the representation, the Caterpillar official should have explained him the rules for being a dealer of the brand, and should have given him a document known as ‘Across the Table’, in which Caterpillar defined what it was like to be a dealer of the brand. Caterpillar has always placed importance on that one-on-one conversation with the person responsible at the dealer company for ensuring alignment. And so, in 1942, this brotherhood and marriage began, which required building a partnership that has only grown over time,” underlines Mariela García Figari de Fabbri, current general manager and member of Ferreyrcorp’s Board of Directors. She succeeded Espinosa as general manager in 2008 and

**THAT SEARCH FOR
NEW OPPORTUNITIES
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NOW: ADVANCING
IN THE PRESENT
TO CONQUER THE
FUTURE.**



The first branch was opened in Arequipa in September 1940.



Sales room and tire showroom of Casa Ferreyros, 1930s.

has been in charge of continuing this legacy together with a team of professionals from successive generations.

The minutes of the board of directors of November 6, 1942 – which announced that Caterpillar Tractor Co. had appointed the exclusive dealer firm in Peru for all the machinery of its production – was informative, concise, and prudent. There was no sign of celebration despite what was about to happen. The importance of this new line for the company was emphasized as it was a high-volume business. It was emphasized that this new line required a full stock of both bulldozers and spare parts. Investment was estimated. The board of directors authorized Carlos Ferreyros Ribeyro to sign the distribution contract.

From 1942 onwards, what is known as ‘the second stage of the company’ began: the sale of capital goods and, in time, the recording of a volume of sales never seen before. Caterpillar represents a turning point in the company’s life, a moment that rarely happens and that, when it does, makes it possible to build a long history.

Since then, in Peru, Ferreyros is Caterpillar and Caterpillar is Ferreyros. Together they form a winning team with the same values.

“The logo is a wonderful expression of the background of our relationship, our operating model, and that we have done everything together over the years. You say ‘Ferreyros,’ and people think of Caterpillar and vice versa. Talking about Caterpillar in Peru is talking about Ferreyros,” notes Mariela García. The same happens with the logos of other companies of the corporation, such as Unimaq and Orvisa, also dealers in Peru, and Gentrac and Cogesa, in Central America.

“Caterpillar has loyalty with the dealers that put all the effort and attention in taking care of the brand, that the services and spare parts do not fail, that the customers are widely satisfied all these years. Caterpillar values that and personal relationships. In the end, that influences decisions. It has been a spectacular and impeccable relationship with Caterpillar directors, always very close, of togetherness and friendship, and personal. I don’t think many companies have had that kind of relationship with their suppliers. Over the years, new directors have joined Caterpillar and have learned what Ferreyros meant to them. For us, they were almost family, a total trust. And it is still the same, eighty years later;” explains Carlos Ferreyros Aspillaga, who has been with the company for more than sixty years and has served as general manager and board chairman.

This leads to a final question: how is this relationship sustained over time and what does the alliance between the two companies mean for the country’s development?

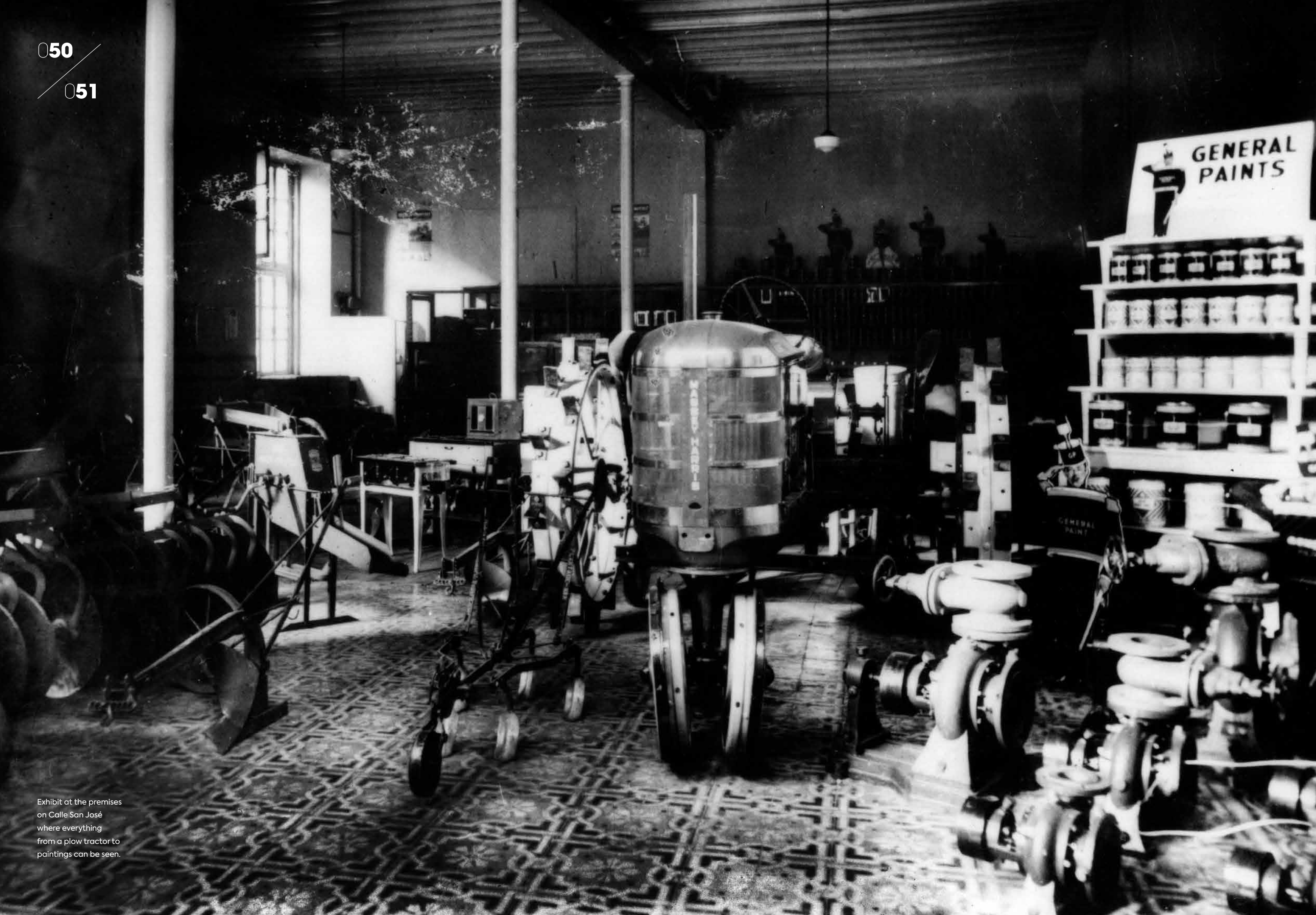


Exhibit at the premises on Calle San José where everything from a plow tractor to paintings can be seen.

**IN PERU, FERREYROS IS
CATERPILLAR AND CATERPILLAR
IS FERREYROS. TOGETHER THEY
FORM A WINNING TEAM WITH
THE SAME VALUES.**

1933 - 1942

BUSINESS AND NEW IDEAS INCUBATOR

LEADERSHIP

CARLOS FERREYROS RIBEYRO TOOK OVER AS GENERAL MANAGER ON JUNE 28, 1935, THREE YEARS AFTER THE DEATH OF HIS FATHER AND TWO YEARS AFTER HIS UNCLE MANUEL FERREYROS AYULO WAS APPOINTED THE COMPANY'S CHAIRMAN. CARLOS FERREYROS RIBEYRO BEGAN TO GIVE CHARACTER AND TONE TO THE COMPANY WITH HIS NATURE AND HIS VALUES: ETHICS AND THE IMPORTANCE OF HONORING COMMITMENTS AND THE WORD, RESPONSIBILITY, CORDIALITY, GOOD SERVICE, AND CORRECTNESS IN EVERY ACT.



PARTNERSHIPS AND BUSINESS

To ensure the production of the goods that the company marketed, alliances and joint investments were made with companies from different countries. In March 1938, the company formed a partnership with Cristobal de Rosas and created Exportadora Peruana S.A., adding as investors the brothers Pedro and Felipe Beltrán Espantoso, Alfredo Ferreyros, Enrique Ayulo, and Emilio Guimoye. They decided to export cotton, cottonseed, and copper. Coffee and alpaca wool, however, were kept by Casa Ferreyros. Three years later, in 1941, they created Industrias Reunidas S.A. with Carlos Rizo Patrón, Oscar Izaga, Manuel Gabaldoni, and Aspillaga Anderson Hermanos. Other businesses stood out, such as Instituto Sanitas Sociedad Peruana, Cia. Industrial Union, Papelera Peruana S.A., the Chilean nail company Federico Kreitz y Cia. Ltda., and the paper bag manufacturer Konrad Linder, among others.

**PAPEL PARA COPIAS,
BLANCO Y AMARILLO**

PAPEL PARA OBRAS -- PAPEL MANILA

Acaban de recibir: **ENRIQUE FERREYROS & Cia. S. en C. — Aldabas 273--279.**

THE KEY IS BUSINESS DIVERSIFICATION AND PRODUCT EXCLUSIVITY. THE COMPANY BECAME A REFERENCE AND BEGAN TO INVEST IN DIFFERENT PROPOSALS THAT WERE PRESENTED TO IT OR THAT IT SOUGHT TO EXPAND AND GROW. THE FIRST BRANCH WAS OPENED IN AREQUIPA. THE TURNING POINT CAME WHEN CATERPILLAR KNOCKED ON ITS DOOR.

AREQUIPA 1940



After the first year of World War II, Carlos Ferreyros Ribeyro proposed to expand the company's reach and operate across the south through a branch in Arequipa. The board of directors approved the proposal and that Tomás Álvarez Maza be put in charge of creating it. On September 19, 1940, Casa Ferreyros Arequipa opened its iron gates to bring its products to the businesses in the south, including Cusco, Puno, Tacna... From that time until now, it has been essential for the company to be present wherever the customer needs it, as a great differentiating element.

“

If you look at the current logo of Ferreyros, Ferreycorp's flagship company with which the relationship with Caterpillar began, you can see that it includes Caterpillar's logo, which evidences the relationship of trust and the sum of capabilities.

FACILITIES

The highest number of business lines was reflected in the new warehouse on Avenida Unión, the construction of which ended on July 12, 1937, and in the purchase of a 2500 m2 land next to the nail factory of Industrias de Metales Kreitz S.A. on September 19, 1940.



AGREEMENT WITH CATERPILLAR

At the board meeting of November 6, 1942, it was announced that Caterpillar Tractor Co. had appointed the company as the exclusive dealer company in Peru for all the machinery of its production, and it was agreed the signature of the first contract with the brand.



CHAPTER III

1943

■ THE BEGINNING WITH CATERPILLAR

1952



Santa Rosa
Warehouse. 1944.

There is evidence of the impact of working in a company that brings development to the country through the brands it represents. It is not on the surface because it runs through the veins of the company's every worker who, as if it were a unique characteristic, shows his or her arm to point it out: the yellow blood. This is what they call it in allusion to Ferreyros' and Caterpillar's colors. If you stop to look at them, you can see that, in addition to the yellow blood, each worker carries something deeper that lies beneath the shirts and blouses, the suits and attire, and that appears when you talk to them: the company's colors painted on their body. That feeling leads them to push themselves to the maximum of their abilities and give everything they have in life. The pride of belonging to the Peruvian company has always been alive and shining. Of creating development together.

"The brand and the company are a source of great pride in the country. I remember my young children when we traveled around Peru and saw the trucks transporting machinery. 'Look, Caterpillar,' they said. You become so involved in the country's development that you become more Peruvian. We don't sell harmful things, but on the contrary, they do good and bring development, equipment that allows roads, houses, network installation... It wouldn't be possible without our presence," says Oscar Espinosa Bedoya.

Mariela Garcia reflects on along the same lines: *"We are proud of the good treatment we give to people at the company. They are very important and are respected. We also care that they have a balanced life. Our pride also comes from the company's work, from what our customers achieve with our equipment and services. When a yellow machine passes by and you are with your family, everyone turns to see it passing by; everyone feels that it is their machine. That ubiquity... I*

THE WORKERS WEAR
THE COMPANY'S
COLORS WITH PRIDE. THIS
LEADS THEM TO PUSH
THEMSELVES TO THE
MAXIMUM AND GIVE
IT THEIR ALL.

have traveled around the country, and wherever I went, there was the Ferreyros logo. Even though we aren't a construction company, we bring development and are at the service of that development. The clients feel the same thing. They see the company giving its best: we give them credit, believe in them, and accompany them in their evolution. Clients who started with a small machine and end up having a hundred machines. We get excited about their projects."

There are also other proofs, more tangible, of what Caterpillar's arrival to the company meant in the early 1940s, such as the immediate move to the Beytia building located at Beytia 387 that intersected with Calle Estudios, which are today Jirones Azángaro and Ucayali in the Historic Center of Lima. The main office, located on the second floor and in the basement, opened its doors in 1943 and welcomed the public with Caterpillar spare parts and sales counters and the backing of the American brand on signs placed on walls and circular columns on the first floor, highlighting the alliance: *"Caterpillar trains our personnel to serve you better," "At your service! Our spare parts department. Personnel trained by Caterpillar."* Also, the photo of more than 150 people posing close together at the facilities of the Circolo Sportivo Ital-



THE MAIN OFFICE,
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SECOND FLOOR AND
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THE BEYTIA BUILDING,
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THE AMERICAN BRAND.



Classic Beytia building located at the intersection of Calles Beytia and Estudios, currently, Jirones Azángaro and Ucayali, in the Historic Center of Lima.

iano, where they had attended the company's commemorative lunch a year later, in 1944, speaks about the company's growth. In addition to a text for an anniversary of the company in the in-house magazine *Efe* detailing the increase in personnel that, as seen before, no longer fit in a photo: "Between 1942 and 1950, Enrique Ferreyros y Compañía Sociedad Anónima grew vertiginously. In just eight years, from seventy-five workers in 1942, it grew to more or less three hundred workers. Almost four and a half times. Our company is no longer in transition mode. It has conquered and dominated the market."

Carlos Ferreyros Ribeyro, as general manager, was attentive to everything that happened at Casa Ferreyros, and his perspective was more focused on Caterpillar and machinery. His brother Enrique, on the other hand, focused on consumer goods. Below them are key men, leaders of a generation that accompanied a Peruvian-owned company's development: Carlos Semsch was in charge of Caterpillar, Tomás Álvarez Maza of Branches, Eduardo Vásquez of Products, José G. Tagle Rezza of Administration, Javier Gensollen R. of Accounting, Eduardo Alegría of Industrial, Teddy Inmervoll of Drugs and Carroll Davis of Merchandise.

To the initial three hundred thousand soles with which the company began to operate, new contributions from investors were added, so that the shareholding grew and included other names, such as Tomás Álvarez Maza himself. Immediately, the company expanded with traveling salesmen who visited the provinces to sell the machinery. Five years after the creation of the Arequipa branch in 1940, the Chiclayo branch was created in May 1945, and the Piura branch in August 1946.

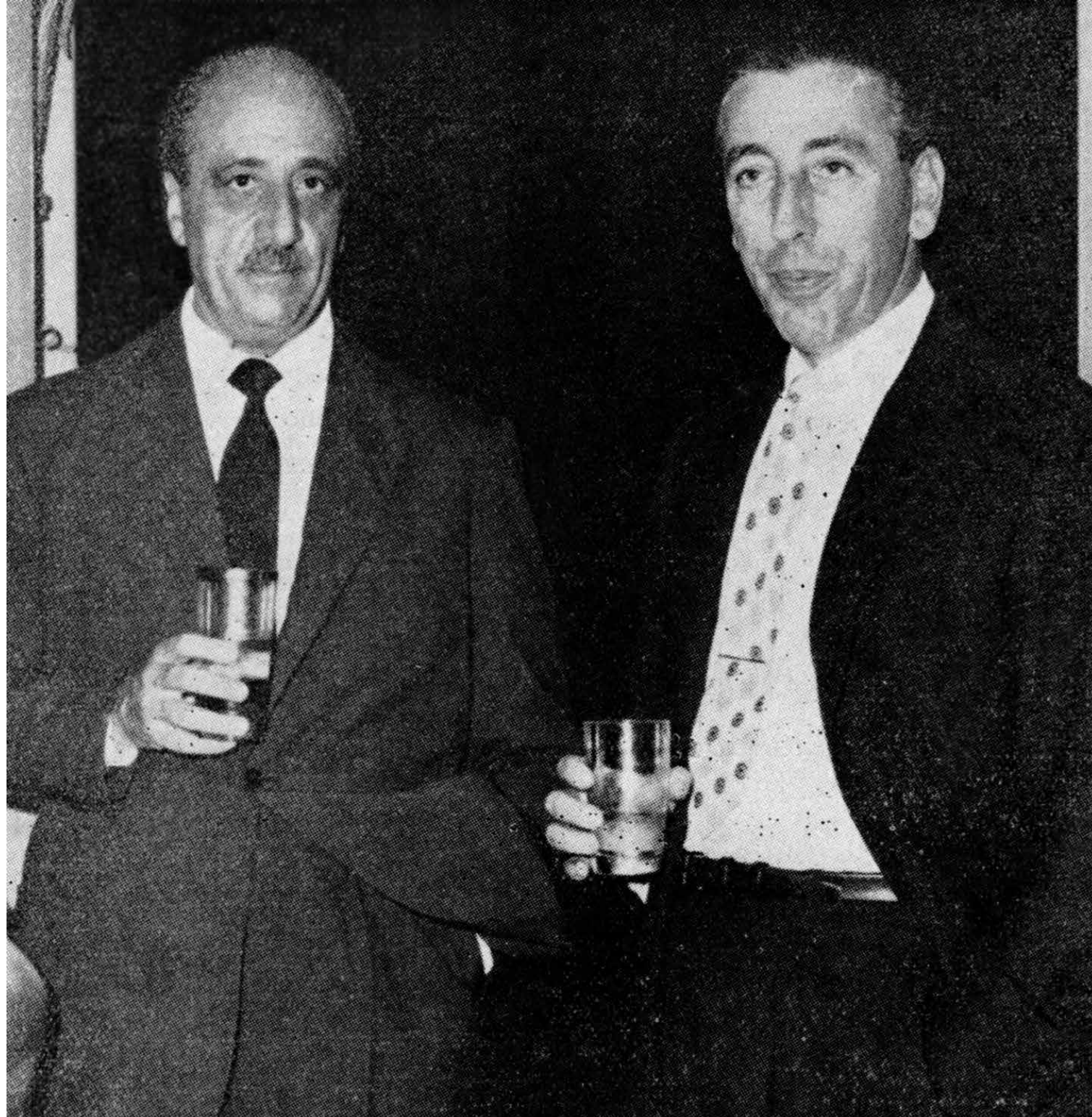
The board of directors' meeting of March 21, 1949 reported on that sustained growth in the provinces, as in the case of Cusco. Given the importance that this region acquired in the past few years, it was no longer possible to serve it adequately with periodic trips by the traveling agent of the Arequipa branch. Thus, it was agreed to establish an office to handle sales in Cusco under the direct supervision of the Arequipa branch, which would supervise the accounting and movements.

"These gentlemen had a kind of apostolate. They were much more than simple officials. I was deeply impressed when I began to contact them, and I was already traveling. Mr. Álvarez Maza, head of the department that managed all the branches, paid so much attention to things and was so involved that it seemed as if he owned the company. Another person who worked in the branches was Antonio Kuljevan from the north. Once I went to Trujillo, he and I were walking down the street. Every five meters, someone stopped him to greet him. Everyone knew him. That happened both with the heads of the branches and the field salesmen. They all had a mystique to which I always looked for an explanation. They were completely dedicated. It wasn't just that they earned well, there was something more, there was that mystique that was passed on from generation to generation," emphasizes José Tagle.

In February of that same year, the company signed an important distribution agreement with Unilever Peruana S.A., representatives of Lever Bros. in Peru with the factory Pacocha S.A., thus becoming the exclusive agent to sell perfumery articles, soaps, and toiletries, among others. As part of that agreement, the company granted a US\$ 45,251 loan to Pacocha S.A.

That year, the company also decided to establish new contacts and look for sources of

**THE BRAND AND THE COMPANY
ARE A SOURCE OF GREAT PRIDE
IN THEIR WORKERS AND IN ALL
THOSE WHO ARE INVOLVED
WITH THEM BECAUSE THEY DO
A LOT FOR THE COUNTRY'S
DEVELOPMENT.**



The Ferreyros Ribeyro brothers: Carlos and Enrique.

DURING THOSE YEARS,
THE CONSUMER AND
CAPITAL GOODS SOLD
BY THE COMPANY
COEXISTED IN
HARMONY.

and marine engines. With Caterpillar, we were in all sectors and all over the country. We participated in very important irrigation works. We were on all the main highways with bulldozers, motor graders, and loaders. We have a connection with Peru through the products we sell: our machines are there, and we accompany them with support work, which is essential so that they are never out of service or lack spare parts.” Thus, Carlos Ferreyros Aspillaga highlights how Caterpillar machinery begins to play a leading role in the country’s major works and is a key part of the sectors that generate development.

supply on the European continent through Alfredo Ferreyros. The military board of Manuel Odría’s government (1948-1956) established the free importation of certain goods by using one’s own dollars, leaving behind the difficulties to obtain import licenses.

At that time, the company had the following sections: Products, Drugs, Technical, Industry, Merchandise, and Papers. The Technical area, in addition to Caterpillar, had other brands for construction works and mechanical loaders, marine and outboard engines, among others. Caterpillar would soon cease to be part of this unit and become a section with its own name.

The results of those years were very satisfactory for the company. It closed the 1940s with the opening of the Cusco branch in 1949, and began the 1950s with the opening of Trujillo and Ica branches in 1952.

“Decentralization began timidly with offices in the main cities, such as Arequipa, Chiclayo, and Piura. Then they developed further and became branches until they had nationwide coverage. In the beginning, Caterpillar’s D2 and D4 bulldozers were required for agriculture. They were important machines. For fishing, we sold generator sets

If something went wrong, the company’s mechanic traveled to where the machine operated to fix it. This was part of the support, warranty, and after-sales service offered by Casa Ferreyros. This generated an urgent need: specialized personnel. The 1940 General Census had shown a worrying panorama of the Peruvian reality: 57% of the population made up of a little more than 7 million Peruvians was illiterate; 1 out of every 41 Peruvians had secondary education; 1 out of every 202, university education; 1 out of every 336, technical education. So how did you find qualified people to provide good after-sales service in different parts of the country?

The warehouse located at Avenida Industrial 675, known as Santa Rosa - it would group the company’s repair shops and main office in 1970 - began to be the space to show the company’s new face. It was the 1940s, and in that warehouse, in addition to storing merchandise (groceries), the company had a space to exhibit Caterpillar machines and spare parts and provide repair services. Customers came to this place to see the equipment distributed by Ferreyros, including representatives of a national chain in the

FERREYROS CHICLAYO



Ferreyros branch
in Chiclayo,
Lambayeque.



Caterpillar area in the Beytia building, 1943.

tourism sector who purchased Caterpillar diesel generators to operate in the tourist hotels of Tingo María, Tumbes, Puno, Camaná, and Chala. This practice of transparency and open doors was usual then, as it is now.

A certain sector of engineers and mechanics was also eager to get to know the Peruvian company's repair shop, the only one with a dynamometer in the capital. That equipment, a major advance in modern mechanics, measured the engine's power, pressure, and temperature, regulated its speed, and guaranteed its operation according to the manufacturer's standards. A vital piece of equipment for the repair shop. The quality seal of a repair.

To raise the level of the company's repair shop professionals, Jorge Grieve Madge assumed the leadership role of the Caterpillar line engineering command. He was responsible for hiring engineers and mechanics to provide field services. Before being appointed Minister of Development and Public Works during the second government of Manuel Prado, Grieve was responsible for bringing the company up to the standards required by Caterpillar. Under his supervision, personnel was recruited to form a school to train mechanics and technicians over the years. Thus, the lineage of traveling mechanics began, those who traveled with a suitcase weighing more than twenty kilos and carrying tools and machine manuals.

Even though the company grew, trained, and encouraged the development of its professionals, it was aware of the situation of the Peruvian market and its limitations. If the demands increased, finding qualified labor could become a major obstacle. For that reason, it implemented a policy of donating Caterpillar engines and machinery to higher education institutions to improve teaching processes and bring modern technology

AT THAT TIME, THE COMPANY HAD THE FOLLOWING SECTIONS: PRODUCTS, DRUGS, TECHNICAL, INDUSTRY, MERCHANDISE, AND PAPERS.

closer to Peruvian technicians and engineers. Soon, thanks to the company's donations, a repair shop was created at the Escuela de Ingenieros to study internal combustion engines. And so, it began to happen in other places, as it does to this day.

Within the company, from the time the Caterpillar representation is obtained onwards, the company's team of technicians and mechanics began to be nurtured in two ways: with courses, training, and certifications by Caterpillar, and with the transfer of knowledge (vertically and horizontally), especially among peers, often sharing a table talk.

The company's mechanics made their job a life mission. Neither rain nor storm nor hail nor landslides nor the inclement sun: nothing and nobody stops them.

"Customers buy Caterpillar because they know we are the only ones who will go anywhere. No matter how remote, they know we will go the extra mile to get there. We are not going to prioritize any cost overruns that this may entail. We will get there. We will see later how we can reach an agreement with

THE TEAM OF TECHNICIANS AND MECHANICS BEGAN TO BE NURTURED WITH TRAINING AND CERTIFICATION, AND WITH THE TRANSFER OF KNOWLEDGE WITH ONE ANOTHER.



Logistics process in action at the Santa Rosa warehouse, the 1940s.

THE COMPANY GREW AND ENCOURAGED THE DEVELOPMENT OF ITS PROFESSIONALS. ADDITIONALLY, TO INCREASE THE CAPACITIES OF THE PERUVIAN MARKET, THE COMPANY DONATED MACHINERY TO HIGHER EDUCATION INSTITUTIONS TO OPTIMIZE TEACHING AND BRING TECHNOLOGY CLOSER.

customers so that they recognize the costs that our efforts implied, but we are present in the moments of truth of the customers who have placed their trust and who always want to believe in us”, says Mariela García Figari.

All Caterpillar dealers are aware of the requirement for this high level of service. Except for one detail: not all countries have Peru’s geography with companies operating at an altitude of more than five thousand meters or businesses that require traveling by road or plane, then crossing the river and walking a long way to get there.

Knowing what they face, the company’s mechanics went out confidently on each new mission, faced the challenges and solved them, and felt - and this is the most important thing - that their work transcended. It was for the customer, for the company, for them, and also for the country. *We progress by making progress* used to be the company’s motto back then, as can be seen in an issue of the *Efe* magazine. Now that it is its 100th anniversary, the essence of the purpose is the same: *Together we create development*. Or better people, a better country. This sums up much of the company’s history.

In the 1940s and early 1950s, with this human capital, with Caterpillar’s backing, the consumer goods consolidated, and the sections running satisfactorily, was this the company’s opportunity to grow and become leaders in the Peruvian market, or was there any impediment to achieve it?



Caterpillar machinery
maintenance and
repair area.

**THE COMPANY'S
MECHANICS WENT OUT ON
A NEW MISSION, FACED
CHALLENGES, SOLVED THEM,
AND SUCCEEDED.**

1943 - 1952

THE BEGINNING WITH CATERPILLAR

JULIO RAMÓN RIBEYRO

AT THAT TIME, WRITER JULIO RAMON RIBEYRO WORKED FOR THREE YEARS IN THE LEGAL AND COLLECTIONS DEPARTMENT AT FERREYROS WHILE STARTING HIS LAW STUDIES. HIS SHORT STORY "DIRECCION EQUIVOCADA" (WRONG ADDRESS) WAS INSPIRED BY AN ANECDOTE FROM HIS DAYS AT THE COMPANY. THEY TELL AT FERREYROS THAT HE WENT TO A HOUSE TO COLLECT A DEBT FROM A DELINQUENT CUSTOMER BUT WAS SO MOVED BY THE PROBLEMS HE FOUND THAT HE WAS UNABLE TO ACCOMPLISH HIS TASK. THEREFORE, HE WROTE IN HIS REPORT TO THE COMPANY: "WRONG ADDRESS."



Photo: Julio Ramon Ribeyro Archive

CATERPILLAR'S REPRESENTATION REQUIRED A CAPITAL INJECTION, WHICH RESULTED IN THE OPENING OF BRANCHES. AT THE SAME TIME, THERE WAS A GROWING SENSE OF PRIDE IN THE EMPLOYEES WHO SAW THAT THE MACHINERY THEY SOLD PROMOTED THE COUNTRY'S DEVELOPMENT. THE COMPANY WAS RESPONSIBLE FOR TRAINING ITS MECHANICS AND TECHNICIANS PROFESSIONALLY.

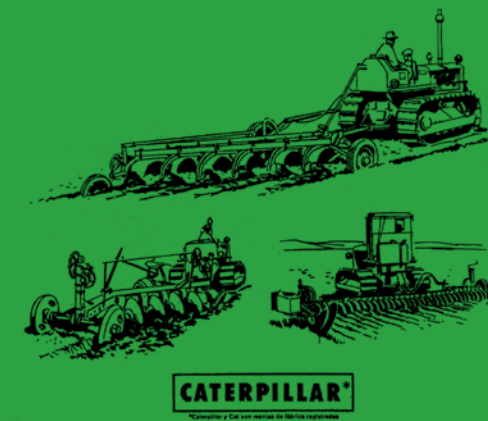
REAL ESTATE MANAGEMENT

In 1952, Sociedad Inmobiliaria San Enrique was created to manage the company's real estate in the capital and nationwide. Real estate management was fundamental to offering customers the customer service capabilities for which the company is known.



NEW PREMISES

Given the company's growth, the board of directors announced the purchase of a land on Avenida Argentina, which took place on August 11, 1950.



NEW BUSINESS

In 1948, the company signed an agreement with Lever Bros. and Industrias Pacocha to distribute Unilever products. The business did not turn out as expected due to economic problems affecting the country.

“

'We progress by making progress' was the company's motto back then. Now that it is its 100th anniversary, the essence of the purpose is the same: 'Together we create development.'

”



DRUGS SECTION

In December 1952, the company became the exclusive distributor in Peru of Pfizer InterAmerican S.A., which joined the Drugs section. Pfizer and Terramicina products were marketed in Lima and in the Arequipa, Chiclayo, Ica, and Piura branches.

ENGLISH OFFICE

In 1946, the company had another representation in London, this time under the name of Enrique Ferreyros y Cía. The purpose was the same: importing and exporting products from England. The general manager assigned was Richard W. Hughes who visited the company in Peru several times to learn about the operations.



CHAPTER IV

1953

■ LISTING ON THE STOCK EXCHANGE

1962



Caterpillar typical yellow transportation fleet made available by the company to the warehouse personnel on Avenida Argentina.

The effect is immediate upon meeting the company's workers: there is amazement and desire after seeing how they love the company and make it their own as if it were their family. Amazement because in the Peruvian market, there were other outstanding companies in the fifties, even some with better salaries, but here there was something beyond money. Desire because those who knew the company wanted to belong to it and experienced the same feelings. That is what happened to Miguel Larrabure, who arrived in 1955 at the Beytia building offices. He was summoned by the still head of the Legal Department José Tagle to be interviewed by the general manager Carlos Ferreyros Ribeyro, whom they began to call Don Carlos.

At the end of the interview, he leaved with that deep desire to belong to Casa Ferreyros. As it happened to others, to many who later arrived knowing that they came to a company that respected traditions and cultivated values, that cared about people and their well-being.

Upon his recruitment, one of the first tasks Larrabure carried out was an analysis of the company's status: he found that the financial situation and the collection ratios were excellent, confirmed that the company generated good profits, and corroborated something he perceived immediately in those first days when he wrote his report.

"The personnel is excellent. They all wear the Ferreyros' colors and love the company. There is tremendous stability. They hardly want to leave the company. Everyone has been here for years. The company is consolidated."

The May 1955 report was three pages long. Before the business community began to talk about the work climate, the report reported on the good working environment and

IT WAS A COMPANY
THAT RESPECTED
TRADITIONS AND
CULTIVATED VALUES,
THAT CARED ABOUT
PEOPLE AND THEIR
WELL-BEING.

organizational culture that have persisted to this day. Larrabure was there for thirty years, until May 1985, and turns one hundred years old in 2022, too. But that is still a long way off. It is still the 1950s.

During this time, the company implemented the Attitude Surveys to know employee opinions and detect any areas of opportunity for leadership and organizational environment. Although he initially faced some resistance from some managers, they all agreed on the good results of the surveys: more than 90% felt proud to work at the company.

It was enough to review the advertising in the press to see the momentum that the company gained during the early 1950s in the Peruvian market: while in the newspapers La Crónica and La Prensa the advertisements for Caterpillar, Witte, Rick, American Hoist, and Gilbarco, among other brands of the Caterpillar and Technical sections stood out, on the pages of El Comercio the advertisements of the Products section, such as Argentine butter and raw coffee from Chanchamayo, stood out. Capital goods and consumer goods gathered in these sections, in addition to the others managed until then by the company: Drugs, Industry, Merchandise,



**SOME FOUND IN THE
COMPANY'S GREAT SOCIAL
SENSE TRANSLATED INTO A
SERIES OF WELFARE PROGRAMS
THE EXPLANATION FOR THEIR
EMPLOYEES' UNCONDITIONAL
SUPPORT AND LOVE.**



USTED NO ACEPTARIA ESTA REPARACION!
Entonces por qué aceptar un repuesto cualquiera en vez de un legítimo repuesto CATERPILLAR?

Los repuestos CATERPILLAR son producto de amplios estudios, de extrema técnica, y de la más cuidadosa selección de materiales. Si usted reemplaza cualquiera de sus partes por una pieza **parecida**, sencillamente está arriesgando el total de su inversión creyendo que economiza.

No acepte "un fierro pintado de amarillo". Exija repuestos CATERPILLAR legítimos.



BIELA
Anillo de calidad especial, acabado de precisión, balanceo cuidadoso.

CATERPILLAR
MARCA REGISTRADA

MOTORES DIESEL, TRACTORES, MOTONIVELADORAS, EQUIPOS PARA MOVER TIERRA



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No acepte "un fierro pintado de amarillo". Exija repuestos CATERPILLAR legítimos.



RUEDA - GUIA
La rueda-guía (rueda trasera) CATERPILLAR mantiene en buen estado la alineación, amortece, gira y las cadenas.

CATERPILLAR
MARCA REGISTRADA

MOTORES DIESEL, TRACTORES, MOTONIVELADORAS, EQUIPOS PARA MOVER TIERRA



Map of Ferreyros branches in the in-house magazine *Efe*, May 1960, year III, issue 23.

and Papers. The company's reach was felt in the south with branches in Ica, Arequipa, and Cusco and, in the north with those in Chiclayo and Piura. And it went far beyond the Peruvian borders with product exports that continued generating significant dividends, such as cotton.

Since the first years of Caterpillar's representation, taking advantage of its geographical coverage, the company accompanied the creation of infrastructure in the country with the first Caterpillar equipment it brought, such as the D4 and D6 bulldozers. Having spare parts in the warehouses of the country's main cities was a sign that was well received by customers in the construction sector.

The 1950s began with a capital increase due to the company's growing activities and the currency devaluation. In 1950, the subscribed and paid-in capital raised from 10,000,000 soles to 17,500,000 soles. The following year, at a board meeting, the outlook for the future was clearly stated: *"One of the main activities in which the company will be engaged in the future, because of the capital increase, is precisely machinery sale."*

All this was reflected in the catalog of those years, which showed the company's positioning in the market. There were Caterpillar diesel engines, motor graders, D4 and D6 bulldozers, and generator sets. The portfolio also included fully hydraulic one- and two-post car and truck lifts, electric and gas engine compressors, gas, kerosene, or oil pumps, high gallonage dispensing pumps, Gilbarco accessories for all types of lubrication and greasing, machinery for the woodworking industry, such as the Frick 00 sawmill with automatic feed, Witte stationary and marine diesel engines, and Mueller Brass Co. materials and tools. In addition, this last brand promoted the sale of its prod-

ucts with the major public works of the time, such as the Government Palace and the hospitals Obrero, de la Policía, Militar, and Central del Empleado.

These were the years of the government of General Manuel A. Odría (1948-1956), who had overthrown José Luis Bustamante y Rivero. Under the slogan "Health, Education, and Work" emblematic works were built, such as neighborhood units and schools. In the first two years of Odría's eight-year rule, the Central Reserve Bank eliminated controls to clear the way for private initiatives in a clear liberal policy that increased exports and improved Peruvians' income, amounting to nearly eight million in 1950. In this scenario, the company began to satisfy the needs of consolidated sectors, such as agriculture and fishing, which continued growing in the country. For that reason, the company had to improve its internal processes.

José Tagle, who had joined the company in January 1950, had just moved from Head of the Legal Department to become Assistant Manager of the Administrative Department and was emerging as a quiet but influential leader within the company. Over time, he would become Managing Director in the 1970s and General Manager and CEO in the 1980s.

"While Don Carlos was the great mentor, the one who was behind as the backbone and backing was Tagle, Don Carlos' real support. Don Carlos was an entrepreneur, a creator, gigantic, but the man of detail, of the proposal, of the contracts, of the vision, and of the investment analysis was Tagle, a great worker. He shaped and concretized the company's projects. He was the backbone. He was a very knowledgeable, serious, and honest person. He was my mentor and that of many people," recalls Espinosa, and emphasizes that throughout his time at



The end of the 1950s saw historic sales of Caterpillar marine engines.

the company José Tagle - ‘Pepe Tagle’ or ‘Doctor Tagle’, as he was often called - was Don Carlos’ right-hand man and, later, the great ‘consiglieri’ to whom one turned in difficult times.

In Tagle’s administration, an essential task was faced: generating and consolidating the company’s information to improve decision-making and treasury management. Tagle proposed to update the National old checking account machines that contained the cards with the sales movements. Larrabure helped him in carrying out this task.

Systematized information only began in this decade. Debits, credits, notes, and cash sales were very complicated. The long cards with detailed information made it difficult to quickly understand the situation. There were problems if they took a long time to load them into the National machines. The ‘registro fiscal’ (Public Register for Financial Transactions) was not used. For that reason, in the Tagle era, the company began to issue monthly reports.

“I could see Dr. Tagle devoted his best efforts to the company in challenging times. Not only was he very skillful at discovering expansion opportunities and developing business, but he demonstrated great rectitude and the highest ethical and moral values during the sixteen years I worked with him. In addition to his love for the company was his love for the country. Thus, his concern for young people to be trained, as can be seen in his role as the driver of the Ferreycorp Association and IPAE. It was his dream; a dream that is still with us,” says Helena ‘Choco’ Wiese, his assistant from 1978 to 1994.

In those years, the company sought to establish a regulation that it has tried to maintain over time: completing the documenta-

tion (signed notes, ‘registro fiscal’ or Public Register for Financial Transactions, etc.) to dispatch engines, machines, and, in general, any product. The clients who for years have worked based on the word got initially offended, and some even complained to Carlos Ferreyros Ribeyro. Later, with time, they would understand the new ways of operating and that, in this way, they and the Peruvian company would grow in their business.

The in-house magazine *Efe* began to put on paper everything that happened between the workers and the company during those years, the bonds and ties that were forged in the offices of Beytia and La Colmena, and in the Santa Rosa warehouses on Avenida Industrial and Avenida Argentina. One of its editions told the origin of the Enrique Ferreyros Ayulo Fund, named after the founder and presided over in those early years by his wife, Clemencia Ribeyro de Ferreyros.

“Knowing each other means understanding our virtues and defects, talking about our needs, evaluating them, and looking for solutions. That is how we detected a necessity: most of our personnel in Lima and the branches and agencies were not homeowners. Aware of this, we started the housing plans.”

In 1958, the Ferreyros Fund was created to contribute to the health care, education, housing needs of the company’s workers and their families. Although the company was at the workers’ side to support them from the beginning, José Tagle and Miguel Larrabure proposed the creation of the Fund. It was decided to conduct employee surveys to satisfy their needs and help them with their homeownership plans. They calculated what percentage of the worker salary could be allocated to pay the rent of their



Export Dealers Sales Conference in 1953, at Caterpillar’s facilities in Peoria, Illinois (USA). Top: Machinery demonstration. Bottom: International Dealers Sales room, featuring Carlos Granadino (in the background, with mustache), head of the Caterpillar Machinery Department at Ferreyros.



Offices in the old Ferreyros premises.

"FERREYROS WAS NEVER JUST ANYTHING. WE ALWAYS FELT THAT IT WAS SOMETHING WE OWNED, THAT IT WAS BEING BUILT, AND THAT WE WERE RESPONSIBLE FOR ITS GROWTH."

homes and considered that could be the percentage agreed upon for payment of the monthly installments provided by the fund. Other formulas were also analyzed for those who had the land but needed to build or wanted to remodel their existing house.

"The company still helps people to own a house or improve their homes. There is already a culture instilled earlier. It isn't that the employees arrive scared to ask. The workers know that, although there is nothing written as a rule, the company will support them. This is known, and people come and do it. We also grant loans at what I call 'moments of truth' in families: to help with training, children's education, the death of a family member, or difficult health situations," says Mariela García.

The corporation's past and present leaders found in the company's great social sense translated into a series of welfare programs the explanation for their employees' unconditional support and love for the company. This, added to every worker's sense of belonging, creates an unbreakable bond.

"Ferreyros was never just anything. We always felt that it was something we owned, that it was being built, and that we were responsible for its growth." This is how engineer Gino Ricci explains the philosophy of this Peruvian-owned company that was created together with several outstanding and committed professionals and technicians. Ricci started as a trainee in 1957 and returned in 1965 as an employee until, after 37 years, he held the position of assistant general manager, which he held upon his retirement from the company. He belonged to the period when workers who completed a certain number of years, besides receiving a tribute, received shares in the company.

In the year of the creation of the Ferreyros Fund, since its founding, the company recognized the work of Manuel Cabieses for his 36 years of service, Carlos Ferreyros Ribeyro for his 32 years of service, Regina Thomas for her 31 years of service, and Hector Garcia Ribeyro for his 30 years of service. Up to that time, the number of workers did not exceed eight hundred, far less compared to what the corporation is today. And Alfredo Comitre was the first retiree, with 38 years of service, after entering into the archive when he was 18 and retiring in 1960.

The Fund was housed in a colonial mansion in front of the Torre Tagle Palace, very close to the main offices on Calle Beytia, and operated independently.

"The social programs were aimed at helping workers in healthcare, education, and housing. Regarding healthcare, they were provided with outpatient and inpatient care, medicines, eye care, eyeglasses, and orthopedic devices, and there was a medical office... Regarding education, school scholarships were implemented for their children according to the established regulations. Several housing plans were implemented," recalls Gladys Díaz, the social worker whose work and commitment are listening to and assisting hundreds of workers as the company grows.

If you look at the big picture, you understand the love for a family business that knew how to see the worker, the other, as an equal, as a great doer, and deserving of a part of the achievements. A family business that shares with the worker and that soon also opens the doors of the business to get more investments and continue growing.

Towards the end of the 1950s, the descendants of some of the founders decided



Traditional recognitions in the company

to sell their shares. This, plus the need for capital, led the board of directors to approve the company's listing on the Lima Mercantile Exchange in 1958. The agreement was reaffirmed later, in 1961, when it became effective. The incoming capital was allocated to the industry with significant investments, such as increasing the share capital of Laboratorios Efesa, acquired in 1961, and systematizing Compañía Industrial Loro notebook production. Later, in 1962, the company was listed on the Lima Stock Exchange.

Diversification continued to be the formula for growing and sustaining what had been built up to those years with various kinds of businesses, from Fertilizantes Sintéticos S.A. (Fertisa) to household appliances from Industrias Reunidas, and Ferreyco, a company engaged in the sale of Willys and Renault vehicles. And with Metalurgia Peruana S.A. in 1960, created after a partnership with Southern Peru and Cerro de Pasco Co. to smelt steel and non-ferrous metals.

The company's first involvement in these activities would be the basis for what Carlos Ferreyros Ribeyro would later call 'the third stage of the company', linked to Peru's industrial process, more concentrated in the 1970s.

"That listing on the stock exchange was crucial. We have had ups and downs at some point, but we have followed the country's path. The fluctuations have not necessarily responded to the fundamentals of the business, but to the political crises in the country. At that time, in 1961, we had no other option than to be listed on the Stock Exchange if we wanted to stop being a small family company. Being listed on the Stock Exchange has allowed us to increase our capital several times over the years," says Carlos Ferreyros Aspillaga.

The *Efe* magazine highlights that moment for the company: *"Our company covers almost all of Peru and, in keeping with the times, we are increasingly entering the fertile field of the national industry. Companies like ours represent, in that sense, a solution for those who believe in Peru's riches, possibilities, and future."*

Possibilities and future. The company, always at the forefront, encourages the use of technological tools for sales statistics, salespeople commissions, payroll, invoicing of some sections, and collection discounts, among other actions, in the Invoicing and IBM section. Everything seems to be favorable, even more so with Caterpillar's support, whose representatives often visit the country to train personnel at national meetings and highlight the progress made. With better management of purchase and sales process data, clear and orderly accounts, satisfactory annual results, committed, happy and united personnel, and new branches in Iquitos and Chimbote, is there anything that has not been considered that can limit the company's development? How much more is it going to grow?



IV Caterpillar course delivered at the Avenida Industrial facilities, 1958.

**FUTURE SUCCESS REQUIRES
MAKING DECISIONS IN
ADVANCE. IN THIS LINE, THE
COMPANY PIONEERED BEING
LISTED ON THE LIMA MERCANTILE
EXCHANGE (CURRENTLY, BVL).**

100
101

1953 - 1962

LISTING ON THE STOCK EXCHANGE

SECURITIES

IN 1955, THE COMPANY INVERSIONES ABANCAY S.A. WAS CREATED, FOCUSED ON THE PURCHASE AND SALE OF SECURITIES OF DIFFERENT COMPANIES. FOR EXAMPLE, IT ACQUIRED PART OF THE SHARES OF INDUSTRIAS REUNIDAS S.A., INMOBILIARIA SAN ENRIQUE S.A., AND PACOCHA S.A., AND INVESTED IN NEW BUSINESSES. IN THIS WAY, THE COMPANY OBTAINED LIQUIDITY FOR OTHER OPERATIONS.



NEW PREMISES

In 1961, the company had five floors of a building in La Colmena where several administrative areas were located, as well as the board chairman's office and the general management, among others. The year ended with the inauguration of two new spaces: the head office and the Enrique Ferreyros Fund premises. The former had modern areas ideal for sharing, such as the bar and training rooms, the latter, with offices, a triage, a medical office, and a board room.

EFE MAGAZINE

The in-house publication was born and became a vital testimony of the company for many years. The *Efe* magazine began to record and narrate the work, training, and events of the workers, but also the spaces and moments in which they shared time together and strengthened ties.



THE COMPANY POSITIONED ITSELF IN THE MARKET WITH A WIDE RANGE OF CAPITAL AND CONSUMER GOODS. ITS GROWTH LED THE COMPANY TO FORMALIZE ITS INTERNAL SALES PROCESSES AND BE LISTED ON THE LIMA MERCANTILE EXCHANGE, WHICH WOULD LATER BE CALLED THE LIMA STOCK EXCHANGE. IT ALSO CREATED A FUND TO SATISFY ITS WORKERS' NEEDS.

HOUSING

The Enrique Ferreyros Ayulo Fund was created in 1958 to satisfy Enrique Ferreyros S.A. workers' healthcare, education, and housing needs. In less than two years, it handed over 24 houses, the last eight to female workers. During its first decade, it developed a Permanent Housing Plan that provided advice, granted loans and built more than 300 social houses and apartments.



“

Diversification continued to be the formula for growing and sustaining what had been built up to those years with various kinds of businesses. It is a strength that transcends time.

”



HIGHER SALES

The investments concentrated in Compañía Industrial Loro within the Paper division increased the sales volume: from more than one and a half million notebooks and notepads in 1959 to more than five million in 1960.

CHAPTER V

1963

■ GOLDEN ANNIVERSARY

1972



Caterpillar bulldozers performing river cleanup.

Memory brings back the image of the building on Calle Beytia in the early 1960s, with the two open doors and the three janitors standing in the middle of the hall: Héctor Heredia, Tomás Castro and Luis 'El Chino' Díaz, the youngest of the three. A few meters further back, in a glassed-in office, is Enrique Ferreyros Ribeyro, Don Enrique, who gazes at the company's personnel as they enter the building.

"Nothing was closed in the Beytia offices. Don Enrique's office was in the center. Don Carlos' office was to the right, and the Caterpillar department, with the counters of each section, was to the left. The Administration and Personnel departments were located in the basement, under the charge of Dr. José Tagle", recalls Maruja Escudero, then the president's secretary, who joined the company in 1956.

Don Enrique is one of the company's leading figures with a long history of many years abroad, always linked to the company's business. Over time, Enrique Ferreyros Ribeyro became the company's vice-president and later on its president.

Maruja Escudero also recalls the personnel of those years: secretaries such as Laura Schwartz in charge of Don Enrique's office, and Vátilde Montoya, whose daughter Giuliana Echevarría would later join the company. And former assistants such as Anita Garrido, Ana Molina, Elisa Fava, María Eugenia León Velarde, and Norma Alumni, among others. Two of Maruja's sisters worked with her on Calle Beytia: Margarita worked in the legal area as secretary to Federico More, and Helena served as secretary to José Tagle. Like the Escuderos, other sisters also worked in the Beytia offices, such as Consuelo and Doris Loayza, and Zoila and Rosa Ordóñez. At that time, without it being an established policy or

THESE WERE STILL YEARS WHEN THE WORKDAY STARTED AT EIGHT IN THE MORNING, WITH A BREAK AT NOON, CONTINUED AT 2:30, AND ENDED AT SIX THIRTY IN THE AFTERNOON. IN SUMMER, LUNCH WAS HALF AN HOUR LONGER.

rule, the company gave the first choice to an employee's family member to fill a vacancy. That would change over the years.

These were still times when the workday started from eight in the morning until noon, and then continued from two-thirty to six-thirty in the afternoon. During summer, the afternoon hours were from three-thirty to seven in the late-afternoon.

"There was a very special work environment that came from the top that focused on people and treated them well. It was important. There was a very close relationship between bosses and employees; such was the case that I don't remember any strike or unpleasant situation with the union created. There was always a good feeling," describes Carlos Ferreyros Aspillaga who is affectionately known as 'Carlitos'.

The good work environment was also evidenced by the theater and marinera classes in which the workers participated in the





THE COMPANY'S HISTORY HAS BEEN CHARACTERIZED BY INTERNAL JOB ROTATION, EVEN IN FIELDS THAT ARE NOT PART OF THE WORKER'S FIELD OF TRAINING.

Ferreyros Club, an initiative that began in 1943. A house is rented out for the club and after office activities, many people went there to chat or play cards. This brought a lot of social life to the company. People talked about social aspects, about the family. This was a popular place that brought people together and was very successful. It lasted a few years.

Don Carlos' human qualities were a fundamental factor in the favorable work environment. "Don Carlos was a wonderful person, an exceptional person in every way. He was brilliant, multifaceted, he liked office work, music, painting... He was a charming person," recalls Maruja Escudero.

If you talk to former workers, it is clear that the company has had one characteristic throughout its history: there was usually an internal job rotation, a journey through several areas, even in areas that were not part of the worker's field of training. Therefore, what prevails in the company is the loyalty, behavioral excellence, knowledge of the business and its markets, broad criteria to carry out tasks optimally and the passion of belonging to a company that contributes to the country and, above all, the people's development and their fulfillment in the community. As an example of this, Carlos Ferreyros Aspillaga joined the Caterpillar's administrative department with Julio Olcese as his boss, and subsequently was moved to other areas.

There are many anecdotes from those times about the inventory work in the warehouses located in Avenidas Argentina and Industrial, such as the one humorously narrated by 'Carlitos':

"We were working 100% on inventories, whatever it would last. Sometimes they would finish at ten o'clock at night. Everything had

to be counted manually. It could take two or three days. And to cross-check with the book. If the physical check did not match, we had to count again. I remember that we sold everything: canned food, pisco, whisky, like a big grocery store. There were green-edged, blue-edged and red-edged chamber pots. Once, upon checking, it turned out that instead of a hundred dozen red chamber pots, there were eighty, and there were more of the green ones. It was total chaos".

The company grew in those years, and, by 1965, it registered a historic sales record in the Caterpillar section. This was during the first government of architect Fernando Belaúnde Terry (1963-1968), whose most transcendental road proposal was the "Marginal de la Selva" highway, which sought to connect the Amazon regions of Peru, Colombia and Ecuador, and the plains regions of Venezuela and Bolivia. The company was present in these works with Caterpillar loaders, D6 and D8 bulldozers, mechanical shovels, motor graders, and generator sets.

"We took a fleet of forty machines. I brought mechanical assemblers, two from Lima and six from Chiclayo, to take care of the machines. A 'gringo' in charge of everything gave us a truck and we spent a month driving on the roads from Tarapoto to Yurimaguas with boots and raincoats. We were the only company that kept working during the rain. The gringo saw that and got out of the truck, surprised. Then a nice letter arrived at the company saying that they were grateful for the service provided by engineer Ricci and his team," says Gino Ricci himself, then Services engineer.

Ferreyros were prepared for this great project through workshops and training,



At Ferreyros, we have always considered sports to be important.

-
Ferreyros Convention in Ancon, 1970.

**“I’M VERY HAPPY TO GIVE YOU
OUR CONGRATULATIONS FOR
BEING THE LARGEST CATERPILLAR
DEALER IN ALL OF LATIN AMERICA
FOR 1966.”**



Enrique Ferreyros y
Cía. S.A. premises.



Ferreyros Club
facilities for
interaction,
recreation, and
entertainment of the
workers.

and were present alongside the Caterpillar machines, as shown in a photo where Belaúnde Terry, standing on one of the bulldozers, saw the progress of the road project that would continue many years later, during his second government.

Prior to the time described by Ricci, Luis Indacochea played an important role in enhancing the technical focus of the Services Department: he initiated a process of hiring engineers such as Wilfredo Venegas, Arturo Paredes, and Victor Alcazar, among others. Later, he became one of Gino Ricci's mentors. Together with Caterpillar, Indacochea established technical training and specialization programs for engineers, technicians, and service management personnel, including trips to the factory. Backed by branches and agencies, he set up a support organization with nationwide coverage, where engineers from local universities and mechanics from technical institutes were also hired.

Under his management, the Ferreyros sales and marketing area would develop the technical sales years later. Thus, the knowledge of the product, its uses and benefits became an important differentiator against the competition, at a time when the seller's professionalization arrived in the country through large global brands along with sales and marketing techniques. In this transformation, Caterpillar brought instructors and cutting-edge knowledge. As time went by, we saw the result: the company became the major partner in the construction sector, serving companies – many of them family-owned – with committed engineers who traveled to the most rural areas to build roads, hydroelectric plants, bridges, and other infrastructure works in a country that was progressing.

If in 1965 the company had achieved a machinery sales record – which highlighted the

great difference in the volumes generated by this section compared to the other ones – in 1966 it reached a historic achievement that would influence other subsequent actions, especially after the letter received from Caterpillar that year:

Dear Carlos,

Just as you suspected, I'm very happy to give you our congratulations for being the largest Caterpillar dealer in all of Latin America for 1966. This is certainly a record you can be proud of, and I think the people in your company should be take great pride in such an achievement as well.

Of course, you realize that there is a one distinct drawback to having achieved this honor – what are you going to do next?

Best personal regards.

Very truly yours,

Mack Verhyden

And that is certainly the question asked by the company's leaders, whose characteristic is to review what is happening in the market and anticipate the country's situation and the steps to be taken by their steady and potential clients: what is the next step?

What followed was to let the company take control of the machinery business and create others to manage the consumer goods business. The Drugs and Papers sections had already been absorbed by Laboratorios Efesa S.A. and Compañía Industrial Loro S.A., respectively. It was the turn of the Merchandise and Products sections which, in 1967, were incorporated into the new company Difesa Distribuciones S.A., which sold domestic and imported products. In turn, the IBM section was changed into Fersil S. A., which, with IBM's advanced computing equipment, provided information and data processing services.

ESTE ES NUESTRO SERVICIO CATERPILLAR



ENRIQUE FERREYROS Y CIA. S.A.
BETIJA 387 - TELEFONO 75680 - APARTADO 150

El principal interés de la División Caterpillar de Enrique Ferreyros y Cia S. A. es que sus clientes reciban el mejor Servicio posible y es por ello que existe un personal experto debidamente entrenado, para hacerle un trabajo del que puede tener la seguridad de que fué ejecutado con la técnica adecuada y con los materiales más selectos.

TALLER MODERNO CON EQUIPOS ESPECIALES

La alta calidad del equipo Caterpillar representa un funcionamiento mejor y duradero. Sin embargo cuando se necesita hacer un trabajo de revisión o reparación, nuestro taller tiene a su disposición, personal debidamente entrenado que utiliza equipos especiales y repuestos legítimos CATERPILLAR. Estos son algunos ejemplos de sus facilidades de servicio, equipos especiales y métodos de trabajo.



El osciloscopio instrumento de precisión para el beneficio de nuestros clientes, con el cual se pueden obtener fotografías, que muestran los diferentes eventos que ocurren en el motor de combustión interna durante el proceso de transformación de la energía latente de un combustible en trabajo.



El dinamómetro, último adelanto de la mecánica moderna, permite dar carga gradualmente, medir la potencia y regular la velocidad del motor nuevo o bien reparado, para que pueda trabajar de inmediato con óptimo rendimiento.

Equipo para pruebas del sistema de inyección que determina inmediatamente los fallos en las partes componentes de su sistema de inyección. Se analiza científicamente la cantidad de combustible, la entrada de éste, el tiempo y la presión.

RECONSTRUYA SUS RODILLOS



Máquinas y técnicas modernas de soldadura y materiales adecuados hacen una reconstrucción perfecta de los rodillos para que presten largas horas de servicio. Nuestro taller está equipado con modernas máquinas soldadoras automáticas. Es por estos adelantos la razón por la cual nuestro Departamento de Servicio recomienda reconstruir los componentes de carril y rodillo siempre que sea necesario.



RECONSTRUYA SUS CARRILES

Las máquinas automáticas de soldadura al vacío, reconstruyen estos rieles de carril, impartiendoles suficiente resistencia para resistir choques y la dureza necesaria para resistir el desgaste.

Recuerde que hay muchas piezas que pueden reconstruirse más de una vez y que le prestarán nuevas largas horas de servicio.

MECANICOS EXPERIMENTADOS DEBIDAMENTE ENTRENADOS

Mecánicos de servicio debidamente entrenados trabajan en el taller de reparaciones de motores. Estos expertos mecánicos se encargarán de que su maquinaria le rinda máximos beneficios a bajo costo.



El taller de reparaciones de tractores cuenta con implementos que simplifican y reducen el tiempo de las reparaciones y con máquinas especialmente diseñadas para ejecutar un trabajo eficiente. Muchas de estas máquinas debido a su complejidad y costo no son poseídas por otros talleres.

TODOS LOS REPUESTOS CATERPILLAR EN EXISTENCIA

Quando los componentes de su Máquina o Equipo están gastados de tal manera que no admiten trabajos de reacondicionamiento, los repuestos legítimos CATERPILLAR, están siempre disponibles para ser rápidamente instalados.

Solamente nuestro departamento de Repuestos mantiene un stock constante de repuestos legítimos para el funcionamiento adecuado de sus máquinas.

Estos repuestos son idénticos a las partes originales en su equipo CATERPILLAR y por consiguiente jamás podrán ser FIELMENTE IMITADOS por fabricante alguno. Nuestro departamento de REPUESTOS mantiene un cuidadoso control de existencia de repuestos CATERPILLAR. En las labores de reparación, no se arriesgue con otras marcas; use repuestos legítimos CATERPILLAR.



THE LETTER SENT BY J. B. WILSON, PRESIDENT OF CATERPILLAR AMERICAS, HIGHLIGHTED THE RECORD FIGURE ACHIEVED WORLDWIDE IN 1971: \$3,248,709 IN MARINE ENGINE SALES.

The construction of a new building where the warehouses on Avenida Industrial and the repair shop were located was also being considered.

The last year of the 1960s marked the beginning of the closing of Beytia head office. In 1969, José Miguel Salazar was hired to manage the payroll. At the age of nineteen, he began to work with the company until, decades later, he became the manager of the Large Mining Division, as well of Central Marketing.

“I would go to the bank and withdraw cash to pay the payroll. At that time security was not needed because the city was safe. I would fill the envelopes. If there was money left over or money missing, I would count it all up again. Then, I would go around to all the workstations paying salaries to all the workers on the Avenida Industrial premises. There were about two hundred people in the spare parts warehouse and the mechanic’s shop. I knew them by name and payroll number: Teobaldo Zavalaga, for example, was number 258. Until four or five years ago, at the retirees’ party, I was always able to greet these gentlemen, now elderly, who continued to come to the annual luncheons and always greeted me with great affection. I was the payroll man”, recalls José Miguel Salazar.

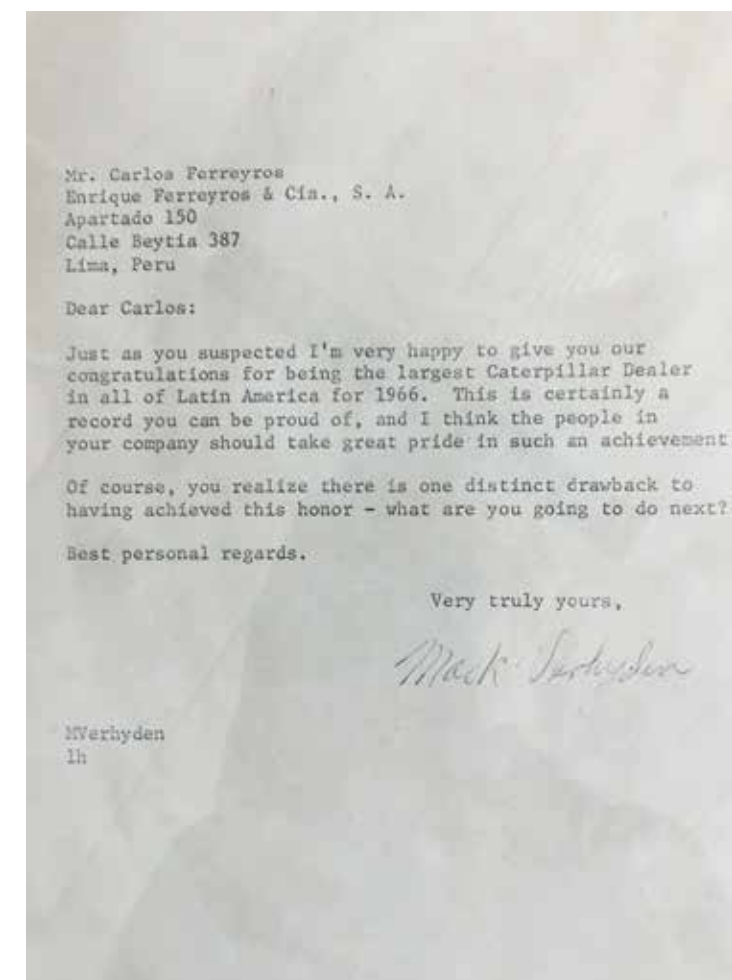
In 1970, the company moved from Calle Beytia to the new building on Avenida Industrial. It was the year in which Carlos Ferreyros Aspillaga moved from the Operations management to the company’s management, and José Tagle was appointed Managing Director, Don Carlos’ right-hand man. Both of them, together with Don Carlos as chairman of the board of directors, Geza Remenyi as management assistant and Jaime Cárdenas, were located on the third floor, where the board meeting room was also located. On the second floor were the

Administration and Personnel departments, headed by Miguel Larrabure, who was in charge of the Human Resources, Collections, Accounting and Credit departments. On the first floor, an important space was assigned to the Caterpillar and Sales departments, and the spare parts warehouse was also located on this floor. The Human Resources, Archives and Industrial Sales personnel were located in the basement. The Service and Repair Shop areas were further away, on the second floor of the building next to the main building. Passing the shops was the official size soccer field with bleachers. Over time, the premises on Avenida Avenue underwent multiple transformations, giving way to larger repair shops.

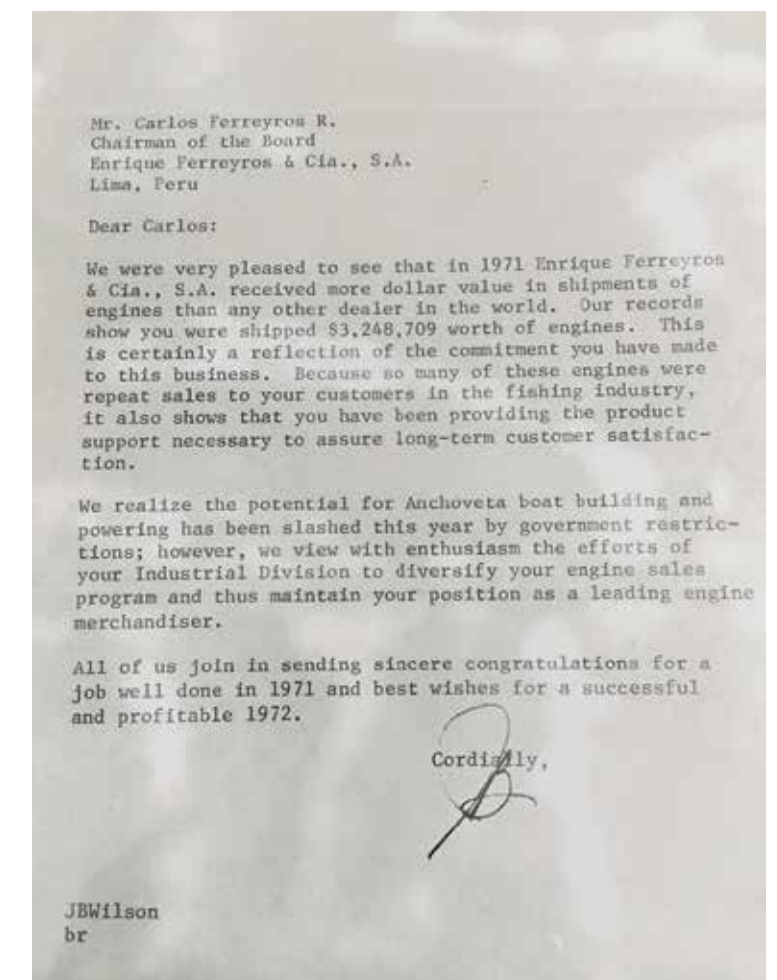
The move to the Avenida Industrial building coincided with the boom of the fishing industry in Peru. The company served this sector intensively and established relationships with important companies. A very high percentage of the country’s fleet of trawlers would be powered by Caterpillar engines and serviced by Ferreyros along the coast. In the 1970s, Peru ranked first in the world as an anchovy extractor and producer and exporter of fishmeal and fish oil, and decades later, it embarked on the development of a fishing industry with a diversification that incorporated direct human consumption.

However, these were times of protectionist policies and import bans promoted by General Juan Velasco Alvarado (1968-1975), who had overthrown Fernando Belaúnde in a coup d’état, thus initiating a military government. Fortunately, the company once again obtained great results with the sale of marine engines for the fishing industry and generators, as Salazar points out:

“The good thing with Caterpillar is that, as a brand and product, it serves all econom-



Congratulation letter from Mack Verhyden, vice president of Caterpillar, 1966.



Congratulation letter from J. B. Wilson, president of Caterpillar Americas, 1971



Caterpillar Service
Department at the
facilities on Avenida
Industrial, 1964.

IT HAS BEEN FIFTY
YEARS, AND THE
FAMILY BUSINESS
IS NOW AN OPEN
SHAREHOLDING
COMPANY WITH MORE
THAN TWO HUNDRED
SHAREHOLDERS.

employees, the assistant manager Geza Remenyi shared the company's concern about the changes in the country:

"Radical changes have taken place this year in our country in the structure of industrial enterprises and, based on official information, there will also be changes in the near future for trade enterprises." Remenyi called to strengthen the bonds of friendship and work that unite workers and strengthen faith in the company's destiny.

In the same vein, Don Carlos Ferreyros Ribeyro closed the convention with a speech that appealed to a commitment to continue growing:

ic sectors. Where there was a pothole in one sector, the company entered another. In 1971 and 1972, we were number one in anchovy fishing and fish oil and fishmeal, and Chimbote was the largest port in the world for anchovy cargo. We sold the most engines in the world in one year. There's the letter from Caterpillar's president naming us the number one marine engine seller. Financially, that was a great input for the corporation."

The letter sent by J. B. Wilson, president of Caterpillar Americas, highlights the record figure achieved by Ferreyros worldwide in 1971: *"Our records show that we have shipped US\$3,248,709 worth of engines to you. This reflects your commitment to the industry. Since many of these engines have been delivered to the same clients in successive sales, it also shows that you have been providing them with the product support necessary to guarantee long-term satisfaction."*

However, at the company's convention held in November 1970 at the Playa Hermosa Hotel in Ancon, attended by personnel from Ferreyros (110), Efesa (43), Difesa (23), Loro (3) and Fersil (6), a total of 185

"(...) It has been possible to form a team of leaders with effective technical and administrative knowledge, who today are the ones who successfully solve the multiple problems brought by the growth and diversification of the business."

A crisis had not yet occurred, but the company, which showed satisfactory results and was backed by Caterpillar, created a board of directors that year, 1970, to reorganize the consumer goods section, which – it was clear – lagged far behind in terms of volume compared to the machinery section. It is time to get ahead of what may happen with the new government policies.

Two years later, on September 14, 1972, the company celebrated its first fifty years. The celebration was attended by employees of that time, to whom Don Carlos Ferreyros Ribeyro paid tribute. In his speech, he named those who had been with the company for decades, a tradition that continues to this day. Also, to those who opened branches or were in charge of warehouses or traveled

THE COMPANY
GREW AND, IN
1965, REGISTERED
AN HISTORIC SALES
RECORD IN THE
CATERPILLAR SECTION.

as sellers to different parts of Peru. He then continued to pay tribute to the memory of his father, Enrique Ferreyros Ayulo, the leader and founder: “(...) *I have always said that getting to one from zero, which is what he achieved, is certainly much more meritorious than getting one and turn it into ten, which is what we have achieved*”. At the end of his speech, he stated:

“I can say that at the end of the first fifty years of life of our company, it reassures its vocation to serve the country, and with this purpose, it offers an organization that has proven to be efficient and useful, and that is willing to channel its energies and interests in such a way that they coincide with the high priorities of a developing nation. The apparent limitations and restrictions that we are facing today are not a reason for us to be discouraged, but on the contrary, a further reason to find new formulas that allow us to continue operating with the success that fortunately has been with us until today and that is the product of our shareholders’ sound judgment, of the continuous and efficient efforts of those who work here and of the acceptance we have always received from our clients.”

The company’s Golden Anniversary celebrations were held first with an event for clients, suppliers, friends, and the business community, and the following day with

workers, managers and retired personnel, in the middle of sports and artistic activities. In the following days, the executives traveled to the offices of some branches to celebrate with them. The celebrations for the first fifty years included the sponsorship for social and educational works, such as the construction and equipping of a classroom at Instituto de Capacitación Jesús Obrero in Comas, a mechanical teaching workshop, and annual awards with the Colegio de Ingenieros (Association of Professional Licensed Engineers) for the best theses in Mechanical Engineering, among other actions.

Don Carlos was well aware of the foundation built and developed over the years by his father to achieve what he called ‘the initial impulse’, which allowed the consolidation of the company years later, after his departure. It has been fifty years, and the family business is an open shareholding company with more than two hundred shareholders. It was half a century and, beyond the emotions and celebrations, the 1970s began with great concern for the company: How long will the corporation be able to maintain this coexistence of consumer goods and capital goods in a scenario that is becoming more complex and without new brand representations? What path should it take to celebrate another fifty years in the future?



**THE COMPANY'S LEADERS
HAVE ONE CHARACTERISTIC IN
COMMON: THEY CONSTANTLY
REVIEW WHAT IS HAPPENING IN
THE MARKET TO ANTICIPATE
NEW REQUIREMENTS.**

1963 - 1972

GOLDEN
ANNIVERSARY

TOGETHER ON AVENIDA INDUSTRIAL

IN 1970, THE ADMINISTRATIVE AND SALES PERSONNEL, MANAGERS AND SUPERVISORS LEFT THE BEYTIA BUILDING TO MOVE INTO THE NEW BUILDING ON AVENIDA INDUSTRIAL WHERE THE REPAIR SHOP, REPAIR CENTER AND WAREHOUSE WERE ALREADY LOCATED. THE MOVE TOOK PLACE AFTER 27 YEARS IN THE OFFICES LOCATED IN LIMA'S HISTORIC DOWNTOWN.



NORTHERN GROWTH

In August 1963, the board of directors authorized the purchase of a land of more than 900 m2 in Chiclayo for the repair shop expansion. The premises on Calle Balta was adjacent to the company's facilities, making it suitable for its expansion.

THE COMPANY GREW AND OBTAINED HISTORIC RECORDS IN CATERPILLAR MACHINERY SALES IN LATIN AMERICA AND WORLDWIDE. THE BAR WAS SET INCREASINGLY HIGHER, AND THE BONDING BETWEEN ITS WORKERS WAS INCREASINGLY CLOSER. THUS, THE COMPANY PLANNED TO MOVE FROM THE HISTORIC OFFICES AT THE BEYTIA BUILDING TO THE NEW BUILDING ON AVENIDA INDUSTRIAL WHERE THE WAREHOUSE, SHOPS, AND SPARE PARTS CENTER WERE LOCATED.



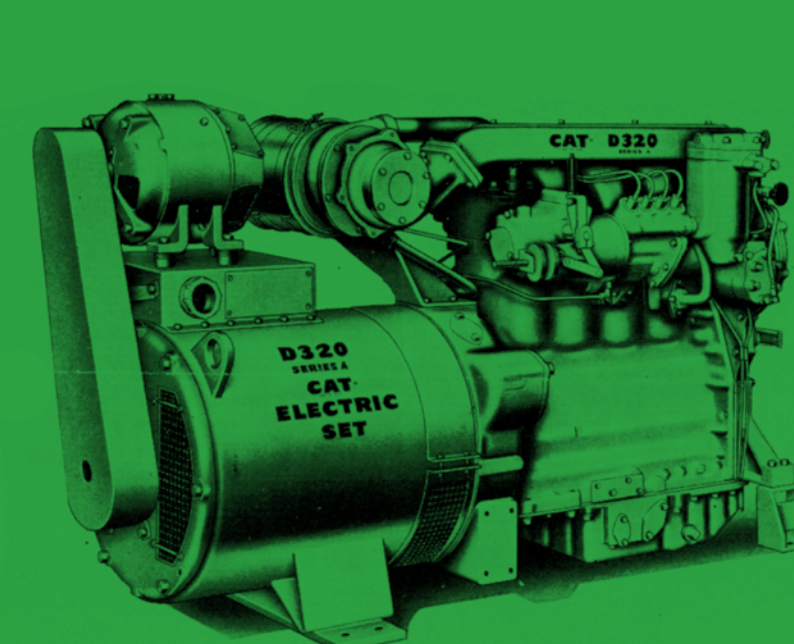
GOLDEN ANNIVERSARY

“Over the course of fifty years, we have grown from a small family business to an organization with more than two hundred shareholders, many of whom are yourselves.” This is how Carlos Ferreyros Ribeyro highlighted the company's growth and transformation during his Golden Anniversary speech.

FIRST CORPORATE REPORT

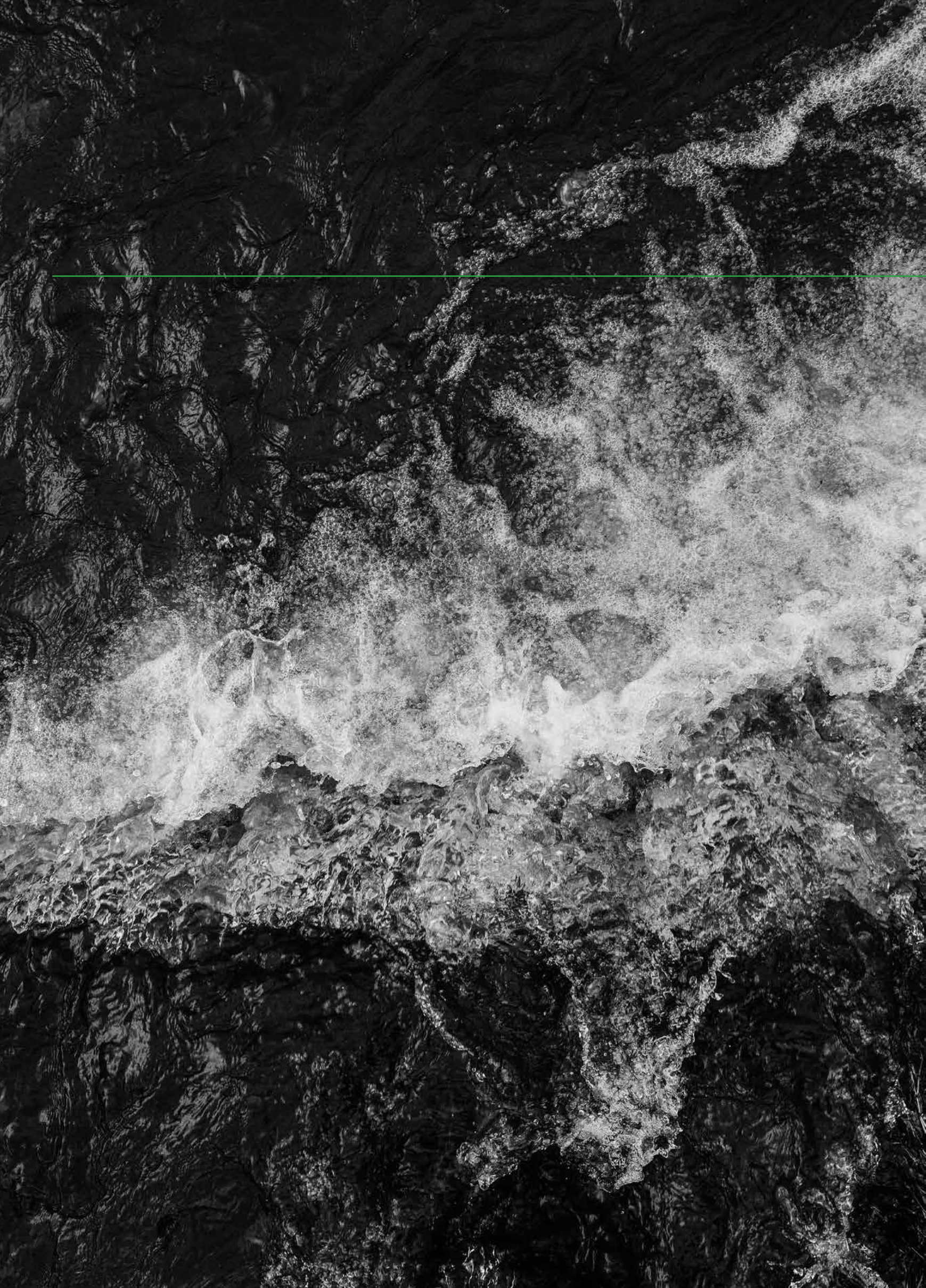
The company's first Corporate Report as required by the Lima Stock Exchange was published in 1971. It detailed the predominance of capital goods, which accounted for 70% of sales in 1970. Corporate governance values were already visible at that time.

With satisfactory results and backed by caterpillar, the company established a directing council in 1970 to reorganize consumer goods, which lagged far behind in terms of volume compared to the machinery section.



HISTORIC RECORDS

In 1966, the company ranked first in machinery sales as a Caterpillar dealer across Latin America. Five years later, in 1971, it obtained another important record: it ranked first worldwide in marine engines sales with a turnover of US\$ 3,248,709. On both occasions, it was congratulated by Caterpillar, which acknowledged and celebrated the achievements of the Peruvian dealer.



CHAPTER VI

1973

■ THE POWER OF "EFE"

1982



From the seventies onwards, main offices were installed in the premises on Avenida Industrial, next to the Santa Rosa warehouse and the renovated workshop.

Ayer... depósitos Santa Rosa
Hoy, nuestro local



In the morning, someone tall and thick, above-average size, caught a glimpse of a lot of people walking on the street: they got off the electric streetcars at the Dos de Mayo square, which is reminiscent of Parisian squares of 1973. From there, buses from different companies picked up their employees to begin the workday. Hundreds of people passed through that area of Cercado de Lima, which had yet to be defined, as it was neither entirely industrial nor entirely residential. It was about six kilometers from there to Avenida Industrial 675, where the new, modern company building with the renovated workshop, parts center and warehouse was located. Crevani and Distribuidora Difesa were located on the same avenue, and Laboratorios Efesa and Compañía Industrial Loro were located a few kilometers away on Avenida Argentina.

“In April 1973, when I joined Laboratorios Efesa, more than fifteen companies formed the corporation. Since it was an organization with a good financial backing, it decided to buy several businesses and recover its profitability. That is why sometimes some people were not very familiar with the activities of certain companies and could not explain the link with us. At Efesa, I was Assistant Manager of Human Resources. I was twenty-eight years old. Efesa was among the largest laboratories in the country: it developed its own line of medicines and, at the same time, it manufactured a series of products for other laboratories, such as Medifarma,” says Andrés Gagliardi, Human Resources Manager at that time.

With more than fifteen subsidiaries, the company’s dozens of workers relied on a fleet of buses to transport them from different parts of the city to their operations centers, according to Andrés Gagliardi, who lat-

PERSONNEL HAVE A FLEET OF BUSES TO TRANSPORT THEM FROM DIFFERENT POINTS OF THE CITY TO THEIR OPERATIONS CENTERS.

er became Manager of the Human Resources Division at Ferreyros and Ferreycorp. He also highlights a characteristic feature of the company: from its origins to the present day, the firm has been a platform for promoting and developing new businesses, some with a shorter life span than others. The important thing is to diversify businesses, to have control over the financial aspect and to generate dividends that mean growth.

He also highlights a characteristic feature of the company: from its origins to the present day, the firm has been a platform for promoting and developing new businesses, some with a shorter life span than others. The important thing is to diversify businesses, to have control over the financial aspect and to generate dividends that mean growth.

In times of the military government of Juan Velasco Alvarado, there was nationalization of many industries such as fishing, whose production dropped considerably after the El Niño phenomenon at the end of 1972, as did sales of Caterpillar marine engines. Those were years of military coups and dictatorships in the region. In Peru, the military





1975. Fluid Analysis
Laboratory (SOS).

THE SEVENTIES WAS
THE DECADE IN WHICH
THE VAST MAJORITY
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COMPANY.

junta applied a policy of import restrictions and promoted the law for the promotion of national industry. Thus, a subsidiary such as Efesa found tax exemptions that benefited its growth, added representations of pharmaceutical products and permits for the production of other lines in 1974, and cosmetics the following year. A line of perfumes also became part of the company's portfolio.

The company is a traditional organization where the values of respect, consideration and appreciation for employees are firmly cultivated. Subsidiaries are always subject to the decisions of the main company, taking into account the needs of the client and the political context, and adapts by trying to find new ways to move forward such as government tenders, applying for tenders in different sectors, such as transportation and communications, agriculture and construction.

"Each period may have given us some concerns, but, above all, many opportunities. We have always been known for having a sense of timing and, at the same time, identifying and controlling risks. We have thrown ourselves into many things, and most of them have gone well. We have the ability to withstand frustration and get back on track", explains Luis Bracamonte Loayza, who started at Créditos y Cobranzas in 1979, as part of a sort of internship in different administrative areas. Bracamonte later became Sales Manager and, years later, Corporate Business Manager of the company.

The 1970s is the decade in which the vast majority of ventures were born with the Efe in their names to link them to the main company and create a story of integrity: Efesa Laboratories, Tiendas Efe (household appliances), Efe Comercial (chemical and non-typical products), Distribuidora Ferreyco Piura (consumer goods), Distribuidora Difesa, Norfesa (Chi-

clayo), Surfesa (Arequipa, Cusco, Moquegua, Tacna and Puno), Centrofesa (Ayacucho, Huancayo and Huánuco), Efe Oriente (Tara-poto) and Fábrica de Implementos Agrícolas (Fiansa), which later specialized in metal-mechanics and electrical works. There are also others that do not use Efe, such as Distribuidora Codina (Trujillo), Compactadoras S. A., Industrial Loro y Distribuidora Victoria S. A. (Orvisa)... A few years later, in 1983, Depósitos Efe was created, dedicated to the storage of the group's goods. Eventually, it would start to provide services to the entire Peruvian market as a logistics operator, becoming Fargoline, an expert in cargo services such as warehousing, transportation, distribution and logistics in foreign trade.

"What I liked when I was invited to come here was that it was a company that was not only Ferreyros, but had a lot of subsidiaries around it. I said to myself, "This is a unique opportunity. Not only am I going to know Ferreyros, but I am also going to know other companies." It was great because I was able to get to know many other businesses", says Eduardo Auza, who joined the company in 1976 and became the company's Auditor Manager, in an interview conducted by Professor Martín Monsalve Zanatti. *"Here I found a human side that I had not found before in any other company. It was something that probably came from the presence of authority, mostly moral, not hierarchical, of Don Carlos Ferreyros. Therefore, all of us who work at Ferreyros, have always felt very much a part of the Company. We feel totally identified with it. An excellent working environment, good treatment, opportunities for improvement, study. I felt very good in the company."*

In his first years at the company, Eduardo Auza made changes in the way budgets are handled, accelerated the schedule for accounting closings to be available before year-end

**THE CORPORATION HAS
LEARNED TO NAVIGATE IN
TIMES OF POLITICAL AND
ECONOMIC UNCERTAINTY
AND HAS REINVENTED ITSELF
UNDER VARIOUS ADVERSE
CIRCUMSTANCES.**

LABORATORIOS EFESA S.A.



COMPAÑIA INDUSTRIAL LORO S.A.



THE PREDOMINANT MARKET IN IQUITOS IS OIL AND SHIPPING MARKET. IN PUCALLPA, THE RIVER AND TIMBER MARKET. AND IN TARAPOTO, THE AGRICULTURAL MARKET, WITH RICE AND CORN PLANTATIONS AND, ON A MUCH SMALLER SCALE, FORESTRY.

dates, and established a reporting system that provides access to valuable information for monitoring business management. He also promoted the incorporation of computer systems of the subsidiary Fersil to provide services to businesses. He formed a team with exceptional professionals such as Victor Astete, who later became Manager of the Audit Division for many years, during which he actively participated in the successful transition to two new systems: the DBS, Caterpillar's platform for its dealers, and the SAP accounting module. Astete was also a key player in providing information and recommending strategies for the company's business cycles.

Although it is traditional, especially in the way it relates to its stakeholders, the corporation has learned to navigate in times of political uncertainty and reinvent itself under different adverse circumstances. And the Velasco military government was no exception. In the first half of the seventies, under different scenarios and rules, with decrees that increased taxes on certain wholesalers or tax exemption for those who decided to establish certain industries, would the company know how to take advantage of the opportunities that arise? How far would it be able to expand in the Peruvian territory?

The Amazon region was challenging due to its difficult transport access, but it was also an opportunity in those years. While investment and the economy contracted in some sectors, such as fishing and mining (basically on the coast and in the Andes), the company managed to grow in others, such as hydrocarbons, with the construction of the Peruvian oil pipeline in the jungle in the mid-seventies. In 1978, the company made an important sale of machinery to the Ministry of Transportation and Communications for US\$9 million.

"Living in Iquitos, personally and professionally, was a challenge. The company was not doing well, it had administrative and financial problems, because the results were not the best. Those were two very hard years. The business capacity in the jungle region was very limited. Don Carlos' decision to establish Orvisa through Ferreyros went beyond the tax exemption promoted by the government: it was a strategic vision that sought to promote the country's development", says Oscar Rubio, who since 1981 has made the region and Orvisa his new home.

The subsidiary was created so that clients in the Amazon region could take advantage of the tax benefits granted by the government. At that time, business in Iquitos focused on two sectors: hydrocarbons and river transportation. Then came the Marginal de la Selva project, to which Orvisa provided spare parts and services, and the Iquitos-Nauta highway project, to which it also provided machinery.

The predominant market in Iquitos is oil and shipping market. In Pucallpa, the river and the timber market; and in Tarapoto, the agricultural market with rice and corn plantations and, on a much smaller scale, forestry. It was also the year in which the terrorist group Sendero Luminoso began to spread panic in the country, starting in Ayacucho. Moving to Pucallpa and Tarapoto, where Orvisa's other two branches were located, became risky. All necessary precautions had to be taken to avoid any damage and loss.

José Osóres, Branch Manager and Supervisor at Orvisa, followed the events from Lima and made occasional trips to the jungle. And he found key personnel to take advantage of the two important events that were taking place at that time: first, the increased logging activity and, later, the



DIFESA DISTRIBUCIONES S.A.



FERSIL S.A.

A sample of the diversity of ventures that were part of the organization.



Caterpillar wheel loader advertisement in *El Comercio* newspaper, September 29, 1973.

agricultural boom. It was estimated that, in that area, markets would continue to expand, private investment would increase, oil would grow and agriculture would expand. But the years went by and that did not happen.

With effort, the initial objective of covering the vast territory and being close to the clients with the usual after-sales service was achieved.

Óscar Espinosa Bedoya was called to join the company in the early 1980s. He was concerned that he would be subject to family pressures and that decisions would be made without corporate criteria. Don Carlos and José Tagle assured him that the company could be managed independently, under professional and not family criteria. The company had ceased to be family-owned after its listing on the stock exchange. Espinosa Bedoya, who wanted to work in Peru, accepted the challenge and started in 1981 as an Investment Manager.

It was January 1981, and the first task entrusted to Espinosa, who had just come from refloating a bank, was to organize the subsidiaries, distributors, consumer goods companies, pharmaceutical companies, etc., to separate capital goods from other business. Both of them represent fifty million dollars in sales. However, Don Carlos preferred to keep each one separate perhaps because of the last years of the two military governments and the changing scenarios; perhaps because the eighties began with Fernando Belaúnde as president and with the democratization of the country; perhaps because he saw something that no one else did as he had been running the company founded by his father for half a century.

The following year, EFCO was created, a holding company grouping together the consumer goods companies and separating them from the main company, now specialized in capital goods, with different sales systems. It also focused on improving administration and continuing the search for new business lines. This business was managed by Espinosa, while Don Carlos and his team was in charge of the machinery from the parent company, whose name changed to Enrique Ferreyros S. A. in 1981.

“Throughout that time, the company achieved a process of vertical integration of sales and distribution, with unique and exclusive products that allowed us to be leaders in the market, with a broad portfolio that was growing. We were manufacturers and producers. Grocery stores, drugstores, all of them preferred us. When consumer and capital goods were separated, each with their own characteristics, the business grew stronger,” explains Espinosa.

The company was strengthened and continued to include new businesses. The most transcendent and daring one that year after EFCO’s creation was the investment in ROV Holdings Ltd., manufacturer of Ray-O-Vac batteries, whose management was entrusted to engineer Hernán Barreto Boggio. The executive made great efforts to recover the factory’s efficiency, efforts that continued with Julio Otoyá. He took on the responsibility of manufacturing and selling batteries through the holding company’s distributors, which ended up with a large market share, almost half. With the task accomplished, with capital goods and consumer goods separated, each focused on their business and being a leader in distribution, with a democratic government and open markets and investments, what opportunities would be open to the company and EFCO from now on?

WITH EFFORT, THE INITIAL OBJECTIVE OF COVERING THE VAST TERRITORY AND BEING CLOSE TO CLIENTS WITH THE USUAL AFTER-SALES SERVICE WAS ACHIEVED.



Workers of the Repair Shop, 1972.



Team of workers in the Repair Shop.



The company was present to face the impact of the earthquakes that occurred in the seventies in the country. In the photo, Caterpillar equipment operating in an affected area.

**SINCE ITS INCEPTION TO THE
PRESENT, THE COMPANY
HAS BEEN A PLATFORM TO
PROMOTE AND DEVELOP
NEW BUSINESS.**

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1973 - 1982

THE POWER OF "EFE"

THE 1970S IS THE LAST DECADE IN WHICH THE COMPANY JOINTLY MANAGES CONSUMER AND CAPITAL GOODS. SEVERAL COMPANIES, ALMOST ALL OF THEM EMPLOYING *EFE* IN THEIR NAME TO CREATE A UNIQUE CORPORATE HISTORY, GROW AND EVENTUALLY MERGE IN THE EARLY 1980S TO CREATE THE HOLDING COMPANY EFCO.

LIST OF COMPANIES

THE FOLLOWING COMPANIES ARE PART OF THE ORGANIZATION: LABORATORIOS EFESA, TIENDAS EFE, EFE COMERCIAL, DISTRIBUIDORA FERREYCO, DISTRIBUIDORA DIFESA, NORFESA, SURFESA, CENTROFESA, EFE ORIENTE AND FÁBRICA DE IMPLEMENTOS AGRÍCOLAS (FIANSA). ALSO, DISTRIBUIDORA CODINA, COMPACTADORAS S. A., COMPAÑÍA INDUSTRIAL LORO AND DISTRIBUIDORA VICTORIA S. A. (ORVISA).

EFCO

EFCO was created in 1982, holding company that groups all the subsidiaries, Ferreyros focused on the capital goods business.



OIL PIPELINE

In 1974, the Peruvian government signed a contract with the Williams-Sedco-Horn consortium for the construction of an oil pipeline in the Amazon region for US\$142 million. The following year, the company signed a series of contracts for the sale of machinery for this project.



SALE IN THE AMAZON

Orvisa made an important sale in the Amazon of US\$9 million in machinery to the Ministry of Transport and Communications.

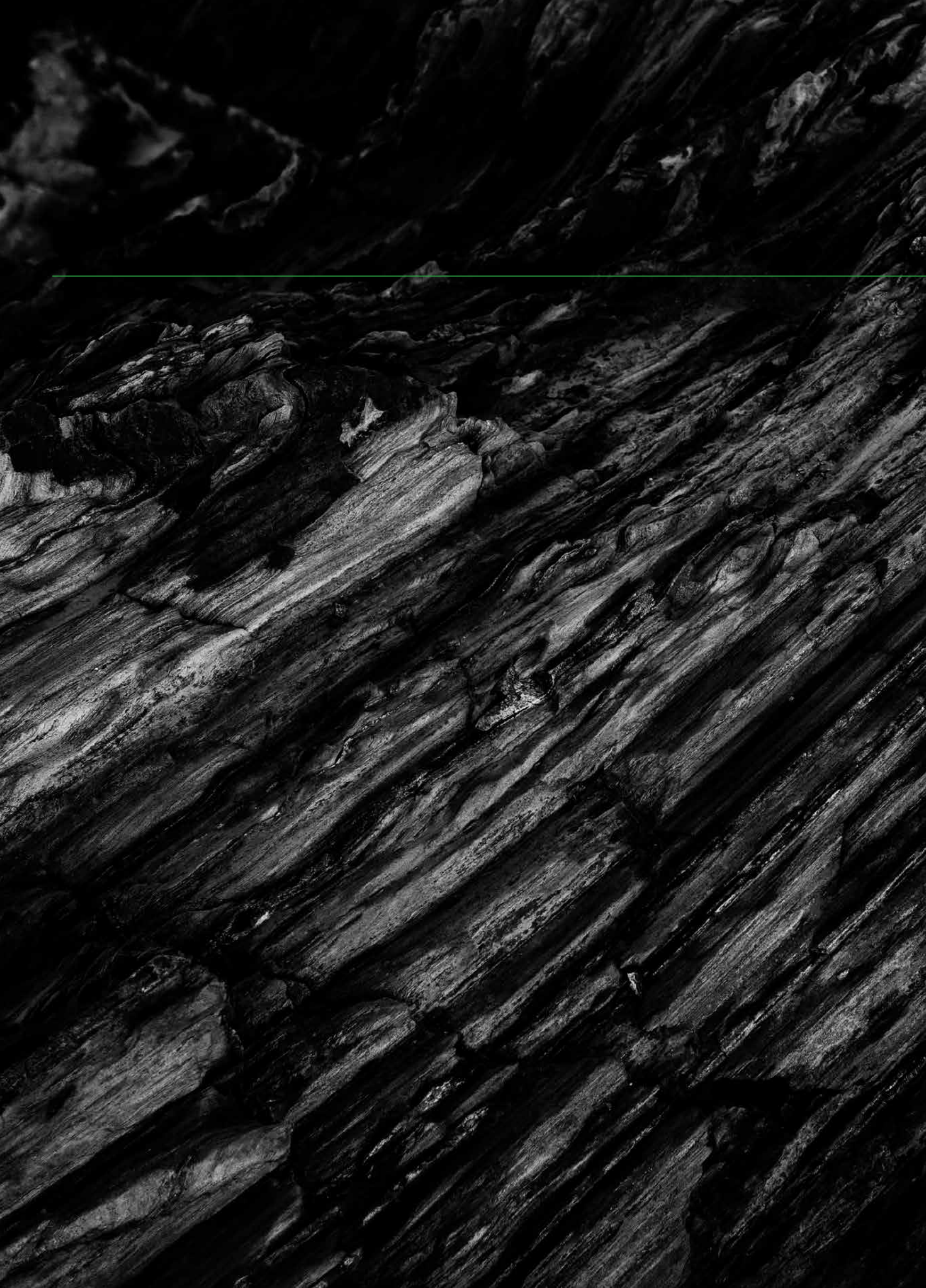
1978



“

With the creation of EFCO, administration was improved and the search for new business lines continued. The business was managed by Óscar Espinosa, while Don Carlos and his team were in charge of the machinery from the parent company, whose name changed to Enrique Ferreyros S. A. in 1981.

”



CHAPTER VII

1983

■ TIME TO RESIST

1992



Customs clearance
of Caterpillar wheel
tractor-scrappers.

Suddenly, as if a cloud overshadowed everything, it was evident in the company's atmosphere that something was about to happen. It could be seen on the CEO José Tagle's face: it was about Don Carlos' health. The man who gave body, face and personality to the company suffered from an illness that worsened in 1983. Don Carlos has built his company into an industry leader, and as result, has become a recognized figure in the country's business, social and cultural world, a benchmark in the international arena.

For several decades, Don Carlos had been a director and chairman of prestigious companies and institutions, such as Banco de Crédito del Perú. His presence on boards was a sign that companies would be conducted properly. In those years, prominent businessmen such as David Rockefeller, the owner of one of the most important banks in the world, called him to his office in Lima, since Don Carlos belonged to the International Committee of the Chase Manhattan Bank, owned by the Rockefellers. Even Henry Kissinger, a decisive political figure at that time in the United States and globally, contacted him for an interview.

The company, always taking care of details, achieves good results, maintaining the correct treatment and ways to reach agreements, especially with the banks. Although sometimes there are external factors that no one can control, such as the El Niño phenomenon, which began in December 1982 and lasted until mid-1983. During that period, rainfall became constant in the north of the country. Floods occurred on the coast, while severe droughts occurred in the south and in the Andes. More than half of the country was affected, and more than one million people were impacted. The company felt the impact: it reported financial problems in 1983. As in previous crises, the company applied severe

FOR SEVERAL DECADES,
DON CARLOS HAD
BEEN DIRECTOR
AND CHAIRMAN
OF A NUMBER
OF PRESTIGIOUS
CORPORATIONS AND
INSTITUTIONS.

policies and never went beyond its capabilities to honor its commitments. It was important for the company to control its exposure to foreign exchange risk. *"Dollars to be paid, dollars to be collected. We have bulldozers that are sold in dollars: our assets in dollars versus liabilities in dollars; therefore, we are covered"*, Carlos always emphasizes.

Consequently, the company avoided defaults on payments. Its reputation as a good payer opened the doors of banks in the United States and Brazil for Ferreyros, and it had the financial support of Caterpillar. Thus, it began to obtain lines of credit and to emerge again. That year, 1983, business management was cautious so as not to damage the company's heritage.

But on August 15, 1983, Don Carlos passed away.

The workers, many of them former employees who grew up with Don Carlos in the company, suffered his loss, as his secretary Maruja Escudero recalls, *"The day Don Carlos died, the atmosphere in the office was terrible. He was a person so dear, who had guided us so much and set the path. How*



IN THE SECOND GOVERNMENT OF FERNANDO BELAÚNDE, MANY OF THE WORKS, WHERE THE COMPANY HAD BEEN PRESENT WITH MACHINERY, WERE DAMAGED BY THE EL NIÑO PHENOMENON.



Motorindustria's workshop facilities, today the Machining, Welding and Hydraulics Workshop (MSH) of Ferreyros, 1987.

Luis "El Chino" Díaz, his caretaker, cried. He has been loyal to the company in an incredible way."

The cry of Luis "El Chino" Díaz represents the grief of the yellow-blooded family, the one that has grown up with him and that says goodbye to Don Carlos at an uncertain moment. Helplessness was felt in the different areas of the company's facilities, what will happen now in the company without its historical leader, without the man who had the clear guidelines to move forward under the values that have made it a benchmark? How can we get out of this difficult stage?

When Don Carlos died, his brother Enrique Ferreyros Ribeyro, who had always been linked to the company and, for many years, had been in charge of his business in England, took over the Chairmanship. His management contributed to the company's development, and successfully faced difficult times. Carlos Ferreyros Aspillaga was appointed as Vice-Chairman of the board, and José Tagle continued on the board, while Oscar Espinosa Bedoya was appointed as General Manager, as had been foreseen by Don Carlos. One month later, in September 1983, the company managed to get out of the loss situation and registered profits again.

Don Enrique cultivates concern and respect for people in the company, two values that have passed on from generation to generation. He is very human and sensitive to the difficult situations that workers face, not only in the company but also at home, and makes sure that the organization can lend them a hand, as has been the tradition. His respect for people is also reflected in his concern for punctuality, so as not to abuse the time of others. As a leader of the company,

he is attentive to the evolution of the results, going into detail, monitoring indicators and continuously taking the temperature of the business. Don Enrique Ferreyros, a great promoter of order, would face hard times with temperance and endurance.

In the second government of Fernando Belaúnde Terry (1980-1985), many of the works, where the company had been present with machinery, were damaged by the El Niño phenomenon: highways, schools, hospitals... The impact was negative in all sectors: fishing, mining, energy, agriculture... The Gross Domestic Product (GDP) fell by more than 10%. But, as before, the company operated again: the demand for bulldozers and equipment for the support and reconstruction of the country was starting to increase.

By 1985, at the beginning of Alan García's first administration, the company still showed an evident drop in the sale of capital goods in the construction and fishing sectors. But thanks to austerity policies and orderly and efficient finances, that year closed with better profits than in 1984.

Although during the first two years of García's term there were improvements in sales, in 1987 concerns began to arise. The demand for agricultural tractors and vehicle and industrial engines had been sustained in that first period, in part, by the credits subsidized by the State and the agricultural support provided by the Banco Agrario.

Since its early years, the company has had a line of agricultural machinery, in addition to Caterpillar equipment for land preparation and, later, a line of tractors for agriculture, which was complemented with the investment in a factory of agricultural implements. Thus, the company confirmed its interest in sup-

**FEW COMPANIES IN THE
COUNTRY WERE ABLE TO
MOVE FORWARD AFTER THE
SITUATIONS EXPERIENCED
DURING THIS PERIOD.**

THE SCENARIO WAS SO CHANGEABLE THAT IT WAS NECESSARY TO ACT QUICKLY, SINCE THE PRICES OF PRODUCTS CHANGED IN THE SAME DAY, EVEN IN MINUTES.

porting this sector, which enabled the development of many families in the countryside. This was most evident at the end of the 1980s, when several hundred tractors were delivered to individual companies, providing services to large sugar mills and rice, coffee and cotton producers in different regions of the country. Later, in the 1990s, it also provided services to businessmen who participated in the development of new agro-export products, such as asparagus and grapes, and was also an actor in the agricultural development of the country.

However, beyond the company's achievements, the most complicated years of Alan García's first government began. The non-payment of the foreign debt, the issuance of money and the galloping inflation led the then President to take a series of readjustment and price control measures, as well as others related to imports and the foreign currency exchange rate. The scenario was so changeable that it was necessary to act quickly, since the prices of products changed in the same day, even in minutes.

"The situation was very delicate. We had to make decisions very quickly. We had the

support of the board, which I had joined only a short time before. The economic environment for companies was really challenging, especially if they were operating in the world of foreign trade, as we were, as we have always been the leading importer of capital goods in Peru. Acting quickly meant that we made some mistakes, but we achieved the great objective of surviving as a company in compliance with our shareholders. The merit belonged to everyone, but mainly to the high-quality management group I was surrounded by. This is, for me, one of the keys to Ferreyros' success: always surround yourself with the best", reveals Óscar Espinosa as one of the company's qualities.

In the eighties, apart from the aforementioned Miguel Larrabure and José Miguel Salazar, Luis Indacochea, Eduardo Auza in the Accounting department, Jaime de Cárdenas in Legal department and Raúl Vásquez in the Audit department were in this exceptional group that Espinosa Bedoya highlights. In addition to this group of managers who remained with the company until the end of their careers, Guillermo van Oordt in Investments, and Aldo Defilippi and Felipe Jiménez de Lucio in Finance joined the company at different times and for shorter periods. Shortly after, Luis Indacochea left the company, and Gustavo Moreno in Sales and Gino Ricci in Technical Services joined the team.

In the eighties, EFCO holding company, in the corporation's eagerness to mark nominal differences with the company, was spun off as CODECO. Subsequently, the board decided to sell its companies, as explained by José Tagle at the time:

"It was logical to concentrate on what had the best future, on a brand that inspired a sound commitment; Ferreyros was seen as very





Second government
of President Fernando
Belaúnde, on a
Caterpillar bulldozer,
checking the works of
the Marginal de la Selva
highway, 1986.



1987. Delivery of new houses for employees.

prestigious by Caterpillar. So, we had to put the eggs left in the most profitable basket. In addition, there was a lot of competition in consumer goods, companies that, although much smaller, affected and hindered the business.”

A large part of what the company sold was imported, i.e., it bought in dollars. Although it was possible to access the Single Exchange Market (MUC) dollar, it was not sufficient and even less sustainable. The procedure was complicated and plagued with difficulties, as Espinosa explains:

“We needed to pay Caterpillar on time so that we could continue to bring in machines and not affect our reputation as good payers. We remembered Don Carlos and his insistence on taking care of our relations with Caterpillar. In view of this difficulty, we had no choice but to generate our own dollars. With the prompt support of the board, we created EXCO, a company that would export various products to obtain the dollars we needed. At that time, we called Mayu Hume, who had been a senior official of the Ministry of Economy and Finance, and within a month we launched the company. An efficient team was put together to export our own products or those gathered in the market. We generated our own foreign currency and never defaulted on a single payment to Caterpillar.”

In this way, the company was able to overcome these difficult times: it invested in different companies to produce and, at the same time, to stockpile in the different areas where they operate. There were shrimps in Tumbes, asparagus in Trujillo (long before the asparagus boom) and timber in Iquitos. It does not matter if the production plant is small, what matters is to gather what is produced by other companies and obtain a larger volume in order to compete abroad and obtain income in dollars. This is the way to stay afloat.

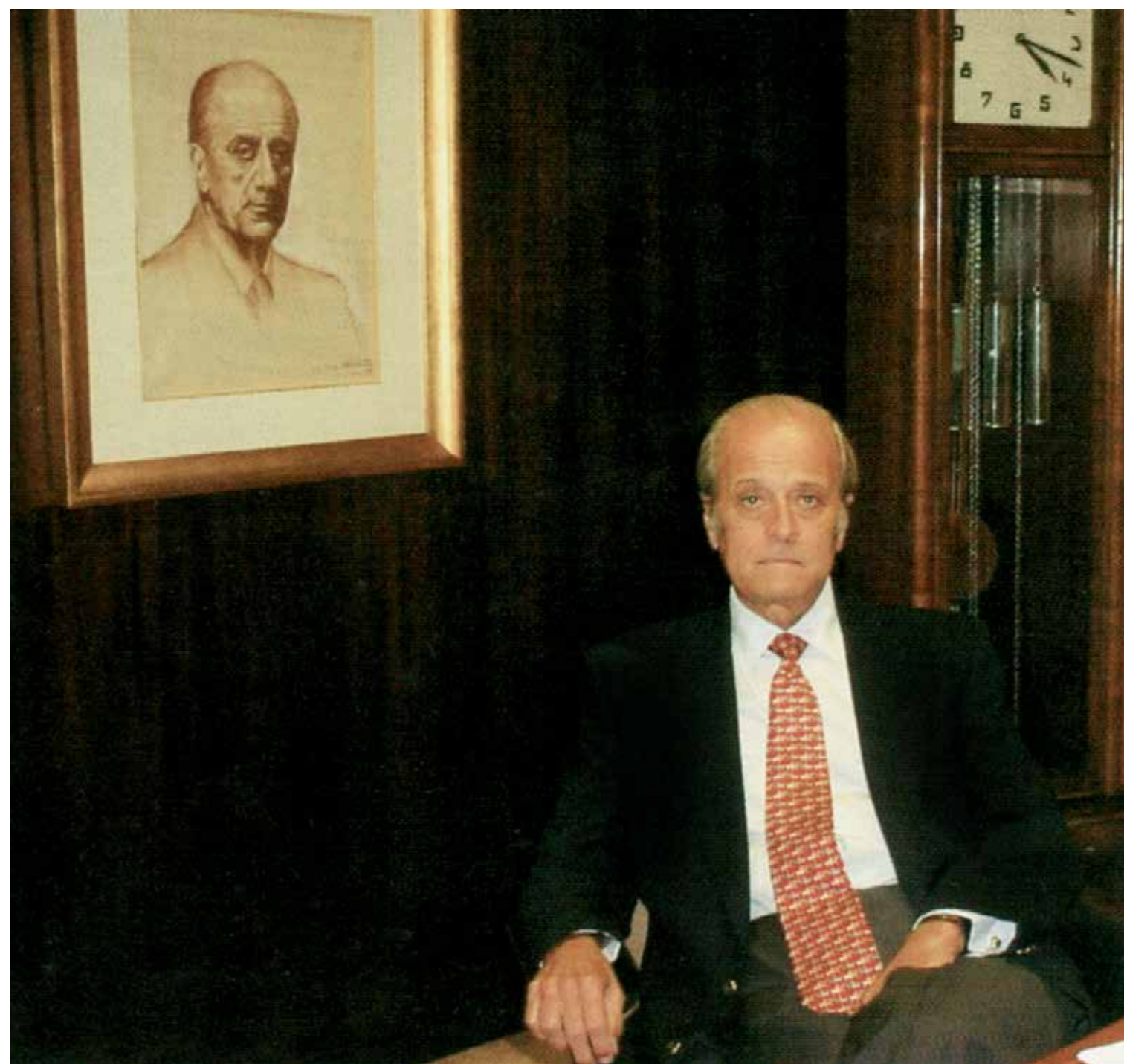
ALTHOUGH IN THE FIRST TWO YEARS OF ALAN GARCÍA'S ADMINISTRATION, THE COMPANY SHOWED IMPROVEMENTS IN SALES, IN 1987, CONCERNS BEGAN TO ARISE.

At this critical moment, the company shows the traits that have accompanied it since its inception: commitment to the role assumed, ability to adapt, speed and openness to make decisions, leadership to be efficient as a team and resilience to face adverse scenarios. If one wonders how many companies have lasted a hundred years in the country, perhaps the answer is the few ones that were able to survive and move forward after Alan García's first government and the terror caused by the Sendero Luminoso and the Tupac Amaru Revolutionary Movement - MRTA.

By 1988, the monthly inflation rate exceeded 100%. In addition to the serious economic crisis, there was terrorism that kidnapped, murdered, sowed fear and caused pain through a series of terrorist attacks with bombs and other bloody practices. The company was targeted by terrorists, who attacked the yellow-blooded family.

Fear began to be felt in the facilities on Avenida Industrial. Company leaders took precautions during those years: changing routes when commuting from home to work, having

IT WAS A HARD PERIOD THAT WE WERE ABLE TO FACE WITH A LOT OF EFFICIENCY AND CAPABILITIES. WE NEVER CONSIDERED CLOSING THE COMPANY.



Carlos Ferreyros
Aspillaga,
Vice-Chairman.

THE EFCO HOLDING
COMPANY, IN THE
CORPORATION'S
EAGERNESS TO
MARK NOMINAL
DIFFERENCES WITH THE
COMPANY, WAS SPUN
OFF AS CODECO.

security, receiving military training courses. Employees also chose not to stay longer than they ought to, as the whole area was considered dangerous. Nearby, Sendero Luminoso had murdered the manager of a company.

"You had to look to both sides all the time, and not to go to public places. I was on the list of people to kidnap. Do you know what it's like to live that for so many years? It changes your life. I stopped having much of a social life. I had security personnel in the car and another car in the back as well, six people guarding the car. One day a Caterpillar manager came and I had to take him to lunch at the restaurant called Pabellón de Caza. There was a terrible explosion of a car bomb in the place. We got under the table", Óscar Espinosa remembers that period of terrorism in the country.

Espinosa Bedoya points to Andres Gagliardi as the person responsible for managing the security of workers and facilities in the face of the terrorist threat, with the contribution of Commander Jose Salinas and the advice of specialists. Armed strikes and strikes became frequent. Sendero Luminoso infiltrated the unions of the companies at that time. The company decided not to go on strike. Then an envelope with a flyer was sent to Andres Gagliardi, inviting him to join the armed strike with two bullet shells. According to him, this is how the threats began:

"The bullet shells were a sign of intimidation. Then I received two calls: in the first one, they asked me about my health, told me to try to keep myself in good condition. In the second one, they told me that they knew I was married, that I had two children. I had an escort to protect my physical integrity. Then a flyer was sent and it stated that Andres Gagliardi had not yet solved the company's list of claims, that these people appearing in

that flyer were going to be annihilated in accordance with President Gonzalo's thought."

A short time later, near the warehouses, a company's employee placed a homemade bomb in an area with flammable materials. The fire did not escalate, as there were employees on site who extinguished it. The worker was caught and denounced, but by a judge's decision he was reinstated and returned to work for the company. After a while, he left the company permanently. The company's managers learned about him later through the news when he was captured and identified as an annihilation cell who had participated in attacks.

Terror continued to lurk. One of the buses transporting the personnel was intercepted by a group of *senderistas* (members of Sendero Luminoso), who took the personnel off and set fire to the vehicle. Luckily, workers from a nearby company extinguished the flames. Threats lurked the company and, one day, the Crevani laboratories, next to the headquarters of the company Maquinarias, suffered an attack. Some branches, such as Cusco and Trujillo, also suffered attacks. Fortunately, there were no human losses.

On the morning of December 2, 1988, a crucial event occurred in the heart of the company: Carlos Ferreyros Aspillaga was kidnapped by the Túpac Amaru Revolutionary Movement. His ransom was negotiated for six months, while the MRTA continuously terrorized the company. Don Enrique, Chairman of the company and uncle of Carlos, faced this difficult moment with a group of directors and managers. The situation in the company, added to the presence of Sendero Luminoso, caused the company's workers to experience moments of extreme anguish, as described by José Miguel Salazar:

“There was a time when we didn’t have a good time. We looked at each other, we knew what was going on, but we didn’t talk about the kidnapping out of respect because of how the family and top management were dealing with the issue. You could feel the gloom. That is why when Carlos returned, we felt a great emotion.”

Days after the release of Carlos Ferreyros Aspillaga, all the workers gathered at the facilities on Avenida Industrial. Then applauses began to be heard. Carlos entered and said a few words with his wife and his mother while the emotion took hold of everyone.

“I remember the day I was released with great emotion. I returned home after six months and then I went to the office on Avenida Industrial, and practically all the people of Ferreyros were waiting for me: five hundred people at the entrance of the esplanade. It’s exciting. Everything that happened was a life experience. After that, one appreciates more the important things and forgets about the silly things that sometimes worry us on a day-to-day basis.”

At that time, several women joined the company, including four who continue to work at the company today: Andrea Sandoval Saberbein (1986), Patricia Gastelumendi Lukis (1987), Mariela García Figari (1988) and Angélica Paiva Zegarra (1990), who took their first steps in the professional world and later played an important role in the company. The only female manager then is Mayu Hume, recently brought in to lead EXCO. Augusta Ponce, with more years in the company, is the head of the Securities section, and deals directly with shareholders. Aurora Luna is head of the Collections section. All other positions held by women are secretaries and

AT THAT TIME, THE
CONCERN FOR PEOPLE
AND ORDER WAS
EVIDENT IN A SERIES
OF DETAILS.

assistants. Beyond the position, these latter assume a great responsibility in turbulent times; they are present where crucial decisions are made, lending an ear, providing advice and executing their work efficiently.

García Figari in Treasury, Gastelumendi Lukis and Paiva Zegarra in Credit and Collections, Sandoval Saberbein in the Spare Parts area. Today, García Figari is Ferreycorp’s General Manager, Gastelumendi is Ferreycorp’s Corporate Manager of Administration and Finance, Andrea Sandoval is Ferreycorp’s Corporate Audit Manager, and Paiva Zegarra is Manager of the Administration and Finance Division at Ferreycorp’s most important subsidiary. Immediately, they felt sheltered by a traditional company: they received good treatment, respect and attention. At that time, the concern for people and order was evident in a series of details, such as the use of uniforms, the provision of a lunch box to all workers entering the company and the use of a bell that rings when it is time to go home, a bell reminiscent of the school bell. They saw the company buses transporting personnel. They met people who had been working at the company for more than three decades, who had developed a great deal of empirical knowledge in many areas; dedicated workers who had received training opportunities. It was a big step looking to the future. Like most large companies at that time, Ferreyros was managed by men, as Paiva Zegarra recounts:



Óscar Espinosa
Bedoya, General
Manager.



LOOKING BACK, WE CAN SEE THE RESILIENCE OF THE COMPANY.

Celebration of Ferreyros' 70th anniversary and 50 years as a Caterpillar dealer. In the photo, Enrique Ferreyros Ribeyro receiving a commemorative plaque from Caterpillar, 1992.

"There were few female professionals. We had an important job: to show that we were worthwhile, that we could do something different. Today the equity agenda is more visible and structured than ever before, even more so in an "iron" industry. Engineer Espinosa believed in the capacity of women and promoted equal opportunities in the company, giving us confidence and motivating us to be better every day. I arrived and said, 'I want to stay here.' I had come from other companies and I could see the difference. At Ferreyros, there was concern for the personnel, for the customer. They wanted to be fair and serious in the operation. All this impressed me very much and I quickly wore the company's colors. Yellow and green blood runs through my veins."

These were years when, although the sale of generators increased due to the power shortages caused by the terrorist attacks, management and the board had to make increasingly drastic decisions. The industry, which in Peru had suffered in order to be competitive with other countries and had enjoyed some promotional programs and tax advantages, no longer had those benefits and everything became more complex. The CO-DECO holding company was home to many industrial companies and was affected.

The board then suggested selling the companies piecemeal. The pharmaceutical line, for example, was transferred to another business group. And so, the rest was sold off, and little by little the consumer goods business began to be discontinued and the company focused on capital goods. The good decision was quickly apparent: it was the right one, because it allowed savings and growth in the late 1980s.

In the early 1990s, the company was finding it difficult to sustain the structure, with

close to 600 employees, many assets and accounts receivable. The final decision was to rethink the structure of the organization. Fortunately, during those years the economy began to open up and, in addition, something transcendental happened in 1992 that changed the history of the country.

On September 12 of that year, the leader of Sendero Luminoso, Abimael Guzmán, was captured. Peru was bleeding to death, but with the fall of the terrorist leader, the population found an antidote to believe that there could be a new beginning, so did the company.

"If we look back, we see the company's history: Velasco, Alan García's first government, Sendero Luminoso. Those were hard times that we were able to face with a lot of efficiency and capabilities. We never considered closing the company. The most that happened was to get out of consumer goods, get out of that business and focused on capital goods. Resilience to reinvent ourselves and resist."

These are the words of Espinosa Bedoya, and one wonders: Resist in order to emerge again? So, how to do it in a country that is going through a serious economic crisis and still has the years of terrorism and its profound aftermath very much in mind, in addition to the impact of the El Niño phenomenon of 1983?

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**IN DIFFICULT TIMES: AUSTERITY,
DECISION MAKING WITH
CAUTION AND CONVICTION,
VISION OF THE LEADERS AND
COMMITMENT OF THE WORKERS
TO OVERCOME THEM.**

1983 - 1992

TIME TO
RESIST

THE SUCCESSION

DON CARLOS FERREYROS RIBEYRO, THE HISTORICAL LEADER AND SON OF THE FOUNDER, ENRIQUE FERREYROS AYULO, DIED ON AUGUST 10, 1983. AFTER HIS DEATH, HIS BROTHER ENRIQUE FERREYROS RIBEYRO ASSUMED THE CHAIRMANSHIP AND HIS SON, CARLOS FERREYROS ASPÍLLAGA, THE VICE-CHAIRMANSHIP. JOSÉ TAGLE REMAINED ON THE BOARD, WHILE ÓSCAR ESPINOSA BEDOYA TOOK OVER AS GENERAL MANAGER, AS FORESEEN BY DON CARLOS.



DIVISIONS

In 1991, Sales Management was subdivided into Branch Management and Machinery Sales Management. Subsequently, a matrix organization was implemented.



BRANCHES

In 1992, in spite of the problems the country was experiencing, two branches were opened: Huancayo and Puno, which became two important areas that contributed to the company.

IN THIS DECADE, THE COMPANY EXPERIENCED ONE OF THE MOST DIFFICULT TIMES IT HAD EVER HAD TO GO THROUGH. IT LOST ITS LEADER, DON CARLOS FERREYROS RIBEYRO, FELL VICTIM TO TERRORISM AND SUFFERED THE SERIOUS ECONOMIC CRISIS OF THE FIRST ALAN GARCÍA GOVERNMENT. IT IS IN THESE HARD TIMES THAT COMPANY SHOWS RESILIENCE TO RESIST, REINVENT ITSELF AND CONTINUE AFLOAT.



DIVERSIFY SUPPLY

In 1989, the company signed an agreement to assemble trucks through Motorindustria S.A., which included the commercialization of cars through Motored S.A. A year later, in 1990, the organization invested in Trevor S.A. to distribute spare parts and agricultural engines. It closed after three years.

In the early nineties, the company found it difficult to sustain its structure, with nearly six hundred employees, many assets and accounts receivable. The final decision was to rethink the organization. Fortunately, in those years the economy began to open up, the State was modernized and the leader of Sendero Luminoso was captured.

SEARCH FOR DOLLARS

In the second half of the 1980s, EXCO was created, a company that exported and imported products and which generated dollars and foreign currency during Alan García's government. This was also the time when the EFCO holding company was renamed CODECO. Later, the company decided to sell certain subsidiaries to close the consumer goods line.



1993

 BETTING ON MINING

2002



Óscar Espinosa Bedoya
and Carlos Ferreyros
Aspillaga in front of a
Cat 777C mining truck
in Arequipa, 1994.

UNTIL 1994, THE COMPANY HAD A SERVICE WORKSHOP AND A SPARE PARTS WAREHOUSE IN LIMA, IN ADDITION TO OTHERS IN THE BRANCHES.

As if it were a time tunnel, one can see in the entrance corridor of the Component Rebuild Center (CRC) in Lima, the milestones reached since its opening in 1995. This short tour shows photos of its history, from the time it was born as a pioneering initiative to offer first class after-sales support to the mining industry and other sectors, until its expansion. In 2000, its facilities grew to 3,000 m² and, a year later, it obtained Caterpillar's *Rebuild & Installation Certification*. Certifications of the main company we represent continued to come: in 2003 it obtained the 5-Stars Contamination Control and, in 2007, the World Class Certification, as a world-class workshop. In addition, a few years later, it obtained ISO 9001 certification. Each certification is renewed periodically. Years went by until it became larger: 5000 m². Then the CRC added new capacities and equipment, becoming a model of its kind in the world: Caterpillar rewarded it for making the largest number of best practice contributions in its field. It is a path of effort and success, a journey to excellence. But, if one could travel back in time in this corridor, a decisive question would arise: how did the CRC, a key milestone in the development, expansion and consolidation of the company, come about?

Now, in 2022, it is an impressive experience to visit the facilities located on Avenida Industrial 675. The CRC and the Machining, Welding and Hydraulics Workshop (MSH), the Machine Shop, the laboratories, the control rooms, the monitoring centers and all the other spaces along with the administrative offices reflect how important it is for Ferreyros to provide high-level support. The company's technical staff develop their career through Service Pro and other programs, certifying their skills within a Caterpillar methodology to drive their growth. But what existed before this specialized technical staff? Before September 1995, who was doing this work?

Until 1994, the company had a Service Workshop and a Spare Parts Warehouse in Lima (it also had others in the branches). The workshop was then divided into three sections: repair of machines and components - such as motors, converters and transmissions, for example - and rebuilding of undercarriages. The company was aware of the need to improve its capabilities, to differentiate itself from the rest, as Gino Ricci, then Manager of the Product Support Division, explains:

"The old workshop had areas, but there was a lot of room for improvement. We knew it was necessary to have a workshop of a different magnitude. Caterpillar organized an exhibition in the United States to show its dealers how to enhance their workshops. We started to see what we should have to build a better workshop."

At that time, a group of the company's managers visited the CRC of the Caterpillar dealer in Chile. It was a workshop similar to the one at Ferreyros, but process-oriented, with different and special equipment. They noticed that they were at least seven years ahead of them. The launch of the CRC changed everything, as José López, one of the main promoters of its creation, relates:

"If you compare the workshop we had before with the CRC, in terms of area, it was the same, but in terms of equipment, cleaning, training, special equipment, tools and processes, it was different. Everything changed a lot to speed up and improve services, and to be at the level of our world-class clients. Peru was coming from a very difficult situation, but the economy began to turn around towards what we call "large-scale mining." We had to do something and differentiate ourselves from the competition, so that international clients would buy Caterpillar, clients who came from different realities, from top-notch workshops."



Ferreyros staff gathered at the head office located on Avenida Industrial as part of the 75th anniversary celebrations.

"PERU WAS COMING FROM A VERY DIFFICULT SITUATION, BUT THE ECONOMY STARTED TO TURN AROUND TOWARDS WHAT WE CALL 'LARGE-SCALE MINING'."



Clients visit Ferreyros' warehouses.

José López was then Service Manager. His work in the company lasted thirty-eight years, during which he headed the Product Support and Human Resources areas. In 1993, during the first government of Alberto Fujimori (1990-1995), a new Constitution was enacted that changed the economic model and laid the foundation for what would happen thereafter: the privatization of a number of companies, including mining companies.

Ferreyros' visits to Caterpillar workshops outside Peru provided experience and broadened the vision of how to take service to another level. With this accumulated knowledge, Óscar Espinosa Bedoya was proposed to create the CRC on Avenida Industrial.

"Engineer Jose López told me, 'I've been looking at what's going on in other countries, they all have plants to repair engines to higher standards. There was a new trend for providing services to large-scale mining: the Component Rebuild Center (CRC).' At that time, the privatization process was beginning in Peru. At the top of the list was Centromin, a mining monster, and one of their mines, Antamina, would later be acquired. But Minera Cerro Verde was the first mine to be privatized and was acquired by Cyprus with Buenaventura as a shareholder. Developing the CRC was a risky investment, certainly, but we came to the conclusion that we were not going to be able to sell a giant truck if we didn't do it. And we made the decision, and today we are a hundred times better off. We were the first company to do it when no company had yet been privatized. It was a historic decision, just like when we left consumer goods," says Espinosa.

The investment to carry it out is US\$2.2 million. Some people were alarmed by the figure in the midst of the crisis following the

García administration, and wondered: Who is going to be served if there is no fleet of mining trucks? But the proposal was presented by Espinosa Bedoya to the board and the board approved it, as he recalls:

"I am aware that I could have failed, and I could have been responsible for it. We have made mistakes, but not in the big decisions, and the board has always been with us. Like that time."

The first response came soon. Espinosa Bedoya invited the Cyprus representatives, who saw what was there then and heard what would be there when the CRC opened its doors with twelve technicians in 1995. After seeing Ferreyros' advantage over the competition with this initiative, they decided to purchase more than ten Caterpillar mining trucks. Everything started to make sense in a short time, proving that it was a good and timely decision.

If in the eighties, the company demonstrated speed and ability to adapt and make good decisions in the face of a changing scenario, in the nineties, it began to show its great skill in getting ahead of the rest of the competitors in the market, to bet with a good reason, despite some risks. The fact that the company has turned a century old can be explained by this fact: mining and, above all, large-scale mining in the 2000s meant exponential growth for the company. But there is also another feature that reveals this episode: the company managed time efficiently and knew how to position itself in first place, always as a benchmark.

There is a photo showing Oscar Espinosa Bedoya and Carlos Ferreyros Aspillaga next to the newly assembled 777 truck at the Cy-

**THE COMPANY IS ADEPT
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THE COMPANY
WAS AWARE OF THE
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CENTER (CRC) AND TO
DIFFERENTIATE ITSELF.



1997. Visit of the workers' children to the facility on Avenida Industrial.

prus Cerro Verde facilities in Arequipa. The shot was taken by Gino Ricci, who was very focused on supporting mining clients. And the big moment came, the moment desired from the beginning. The first sale to the mine was made before the CRC was built. Today the company has two CRCs in Lima and in La Joya, Arequipa, with more than two hundred and fifty technicians, both with Caterpillar Certification as World Class Workshops.

Since the purchase of the trucks in 1994 and until 1998, the company has expanded, not only in terms of sales of Caterpillar equipment to the mining companies, but also in terms of after-sales service: repairs and spare parts. To build the CRC, in 1994 the company turned to capital markets. In 1992, it began issuing and placing medium-term corporate bonds: first for two years, then for three years, for US\$5 million, and then for US\$10 million. Finally, in 1997, the company placed shares domestically and internationally, increasing its capital by US\$22 million. Hugo Sommerkamp, Finance Manager during those years, traveled with Óscar Espinosa on a road show to visit investors in the important markets of New York, London and Scotland. The issue was a success: demand significantly exceeded supply, and the price more than doubled the nominal value. In addition, continuing with its strong position in the capital market and the funding diversification strategy, in the same year, the first and only issue of accounts receivable securitization bonds was made.

"In those years, net sales were approximately US\$250 million, but with a significant growth projection. The offer required to go through a previous stage with the structuring banks, which included financial analysis and projections, due diligence, offer design, coordination with potential investors, and legal due diligence with foreign lawyers. Then the road show took place, and we visited ten

cities in one week. The logistics was planned to the smallest detail. For example, in one day, we had breakfast in San Diego, lunch in San Francisco and dinner in Los Angeles. On another day, we had breakfast meetings in Edinburgh, lunch in London and dinner in New York. The supply was a success, as demand was 3.5 times it, which allowed us to close at a very good price per share in New York City," says Hugo Sommerkamp, who retired from the company in 2018 as Central Manager of Administration and Finance.

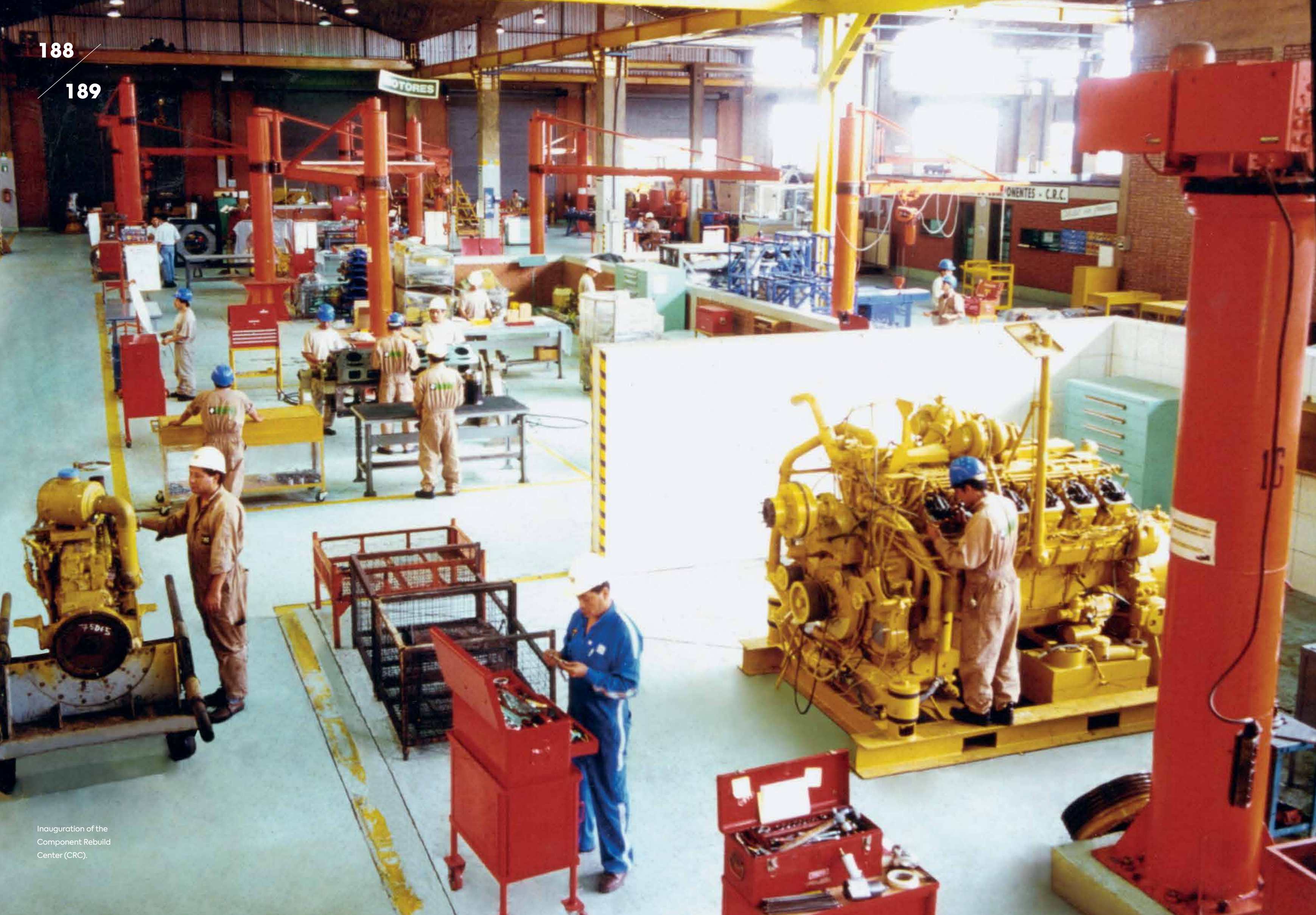
Everything was positive until the Asian crisis occurred that same year, which impacted the economy and the financial system, affecting the company's development when the decade came to an end and a new one began. And, as happened in the eighties, at the end of 1998 a new El Niño phenomenon hit the country.

Relevant changes took place within the company. In 1993, Don Enrique Ferreyros Ribeyro announced his decision to step down as Chairman of the board for personal reasons, after ten years of service.

As reported in that year's Annual Report, his resignation was accepted by the board with great recognition and appreciation for his work, as well as for his dedication and commitment to the company.

At the stockholders' meeting, a new board was elected, with Carlos Ferreyros Aspíllaga as its Chairman.

During this decade, along with the development of new mining investments, important works were also carried out on the country's highway and road network, both through



Inauguration of the Component Rebuild Center (CRC).



Ferreyros' stand
in Perumin, 1999.

public investment and new formulas, such as concessions and public-private partnerships. Foreign capital even entered the country.

The company, once again, responded to the needs of the construction sector, which was beginning to require new forms of service, such as renting equipment for short periods of time instead of buying it. Ferreyros created two units for machinery rental: one focused on heavy equipment, Rentafer, and the other one on light equipment, Rentando. Thus, construction clients rented machines they need for short periods and purchased the one required for long term.

In addition to rent, assistance was not only provided from the branches, but also in the operation projects themselves, with technicians and engineers traveling and also with important spare part lots.

At the end of the nineties, the company took action to capture the potential of a new line of business: the sale of light units, which required more agile processes to promote emerging businesses. For this reason, the company decided to create Unimaq in 1999, as Óscar Rubio explains:

"Unimaq was born focused on selling light equipment. This way we could meet these needs in a dedicated way and, at the same time, allowed Ferreyros to focus on heavy equipment, with a different client profile. We began serving many emerging businesses with a growing portfolio that ranged from Caterpillar forklifts to light towers, welding machines and other equipment from allied brands. We diversified our portfolio with almost 70% new clients."

Unimaq took over, almost a decade later, the light equipment rental business that had been Ferreyros' through Rentando, and the

Caterpillar's line of general construction machinery. Fruits were seen over time when it reached the highest market share globally. Today, around 65% of its sales are in provinces, especially in urban and light construction, and sectors such as industry, mining, transportation, agriculture, commerce and services, among others.

In the 1990s - still a time of uncertainty - Unimaq attracted clients requiring light equipment and Ferreyros gained new mining clients of international stature. The influence and demands of Caterpillar reinforced and supported the CRC with facilities and standardization of processes on a larger scale.

Gustavo Moreno, who joined the company in 1966, almost at the same time as Gino Ricci, headed the force that sold machines to large mining companies as Manager of the Caterpillar Division (Machines and Motors). He is a strategist and motivator who sows the value of respect in the team, as Alberto Parodi de la Cuadra, General Manager of Unimaq, relates:

"All of us in the Commercial area aspired to move to engineer Moreno's division. He was a strategist, a visionary. Numbers spoke to him. He had the figures in his head, he knew the margins, he was very intelligent. The clients had a lot of respect for him. He managed to organize an incredible team, and motivated people to give their all at work. I was very impressed by the importance and respect for their people. Once, a large client disrespected a salesman. Moreno called the company and said: "If there is no respect, there is no business between us." This could have jeopardized the sale and rental of equipment. The client understood."

"Engineer Moreno, as we all referred to him, was a natural salesman and a great

**THE COMPANY
MANAGES TIME
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POSITION ITSELF IN
THE FIRST PLACE. IT IS
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BENCHMARK.**



Rentafer, dedicated to heavy equipment rental.

FERREYROS WENT INTO THE MACHINERY RENTAL BUSINESS. THUS, CLIENTS COULD RENT THE MACHINES THEY NEED FOR SHORT PERIODS AND BUY THE UNITS REQUIRED FOR LONG TERM.

guardian of customer satisfaction. He did not take “no” for an answer, he challenged us to be creative in order to structure operations taking into account the circumstances of each project and the particularities of each client. He encouraged thinking outside the box and thus winning not only business, but the trust and loyalty of clients for life. He developed that winning and service attitude in the following generations,” recalls Patricia Gastelumendi, now Ferreycorp’s Corporate Finance Manager.

With Moreno leading the Caterpillar Division at Ferreyros, Caterpillar created Cat Global Mining, a business unit that led to the birth of the Large-Scale Mining Division in 2001. For this reason, Ferreyros went from serving the mining industry in a traditional way to designing the Large-Scale Mining unit, with technicians and engineers in the field to analyze the specific needs of each mine. At that point, projects were too large to handle at a standard level. They required a lot of specialization, product support and differentiated workshops. Thus, the company became the major supplier.

To open the Large-Scale Mining unit, José Miguel Salazar was called upon to take over the management after closing a stage in Bolivia with Maquinaria, Tractores y Equipos S. A. (Matreq S. A.). This had been an investment made in 1996 at the suggestion of Caterpillar, which was sold in 2003. As Large-Scale Mining is an autonomous division, independent from the Support area, it obtains greater power and management capacity.

As of 2001, it was established that the corporation’s technicians would live and work in the mining sites, professionals who would cover three shifts around the clock. Field mechanics were still in place, either to serve other industries or to give assistance to

the mines. Since the company was dealing with large international clients, it decided to incorporate experts from other countries to add experience and knowledge in the service of mining trucks, personnel who are accustomed to working on different projects around the world.

“The sense of urgency in the Large-Scale Mining Division’s clients is extremely important. They measure the cost of the material per ton they move, by cents. We had to think like the client thought: I sell you machinery, I give you a 24-hour service, 365 days a year and your trucks have to work, be operational, they cannot stop”, this is how José Miguel Salazar describes what characterizes the mining business. The level of failure is very low, but sometimes problems arise and the company must provide quick solutions.

“The Large-Scale Mining highly demands resources. The demand is world class because there is a lot of money involved. It requires investments, time, personnel.... The Large-Scale Mining Division allowed us to have a group of people dedicated to this, without neglecting our traditional clients that have made the company grow, such as fishing, construction, agriculture, underground mining and industry, with other requirements”, explains José López.

Beyond the company’s dedication to serve all its sectors, the situation became complicated. Although in 1998 the corporation’s revenues reached a peak of US\$300 million, in the following two years it began to experience a crisis. The effects were seen in the construction sector, where the company ended up having several clients who could not pay for the machinery purchased, breaking the payment chain. The order was to cut personnel in each

"LARGE-SCALE MINING
HIGHLY DEMANDS
RESOURCES.
THE DEMAND IS
WORLD CLASS."

area. Managers reduced their salaries by 10%, while workers offered to work one hour more per day. The commitment, as always, is assumed. It is the yellow blood.

But there are situations that cannot be controlled by the company and its workers. Due to the political and economic crisis suffered after Fujimori's resignation from the presidency in 2001, added to the Asian crisis, the company found itself in a complicated situation when a company from abroad tried to make an offer and take control of the shares. Since it was listed on the stock exchange, it was a real possibility. The risk was such that Carlos Ferreyros Aspillaga and Óscar Espinosa Bedoya travelled to the United States to meet with Caterpillar to see how to save the company, as Carlos Ferreyros told us:

"We went to Peoria, Illinois, where Caterpillar's factories and headquarters are located, to talk to the CEO. The managers knew the background of those who led Ferreyros and told us: 'Don't worry, we will support you because we are sure that you will come out of this crisis, like others, and our alliance will remain strong.' Caterpillar helped us. Cat Financial gave us a substantial loan to survive 2002. Then we bounced back with our own strength. That reflects the great relationship we've had with Caterpillar all our lives."

This is how Hugo Sommerkamp, then Manager of the Finance Division, remembers those years:

"In 2000, there was a financial crisis in Peru that affected sales, reducing them from US\$300 million to US\$200 million, and triggered other effects in the delinquent accounts receivable and the reduced use of a series of assets. A Crisis Committee was formed, composed of the General Manager, the Manager of the Finance Division, the

Audit Manager and the Treasury Manager, with the support of the company's different managements, from which a series of measures were defined and implemented, including the discontinuation of some lines of business, a plan to seek efficiencies and reduce expenses, including voluntary salary reductions and insured liquidity. Since it was a generalized crisis affecting many of the sectors served by the company, banks reduced their credit lines, due to a perception of higher credit risk. BCP, our main creditor, supported us. In addition, Caterpillar Financial, which, based on our long-standing relationship with Caterpillar and our ethical values and professional capacity, supported us significantly, increasing our credit lines from US\$30 million to US\$100 million. The company's turnaround plan was achieved in approximately 24 months."

Thus, Caterpillar supported the company and drove it forward. Large-scale mining with the CRC is the big bet for the present. Some people, seeing this situation overcome, are wondering themselves: what is the company made of that survives so many crises and emerges re-powered to take on new challenges?



**THE CRC STARTED WITH 12
TECHNICIANS. TO DATE THERE
ARE MORE THAN 250 IN THE
CRCs IN LIMA AND LA JOYA,
AREQUIPA. BOTH ARE CERTIFIED
BY CATERPILLAR AS WORLD-CLASS
WORKSHOPS.**

198

199

1993 - 2002

BETTING ON MINING

THE FOCUS WAS ON THE MINING SECTOR, ESPECIALLY ON THE TRANSNATIONALS THAT ARRIVED AFTER THE PRIVATIZATION OF STATE-OWNED COMPANIES. TO COMPETE, THE COMPANY INVESTED IN A WORLD-CLASS COMPONENT REBUILD CENTER (CRC) WITH INTERNATIONAL CERTIFICATIONS AND CREATED THE LARGE-SCALE MINING DIVISION.

FIRST FLEET OF TRUCKS

IN 1994, WHEN IT DID NOT YET HAVE A CRC, THE COMPANY SOLD CATERPILLAR MINING TRUCKS TO MINERA CYPRUS CERRO VERDE.



INTERNATIONALIZATION

In 1996, Maquinaria, Tractores y Equipos S.A. (Matreq S.A.) was acquired in Bolivia: the company's first step beyond Peru through Caterpillar, which trusted in its performance and credibility. It was sold in 2003 because the company's investment expectations in the country did not materialize.



ACCESS TO EQUIPMENT

1996

In 1996 Rentando was created to rent light construction equipment, which later became part of the worldwide network promoted by Caterpillar for this segment: Rentando - The Cat Rental Store. At the same time, Rentafer, a heavy equipment rental company, was created. In 1999, the subsidiary Unimaq, dedicated to the commercialization and support of light equipment, was established.

PIONEERING REPAIR

In 1996, one year after the opening of the Component Rebuild Center (CRC), the first repair of the 920 HP model 3508 engine of the Cat 777C mining truck was carried out.

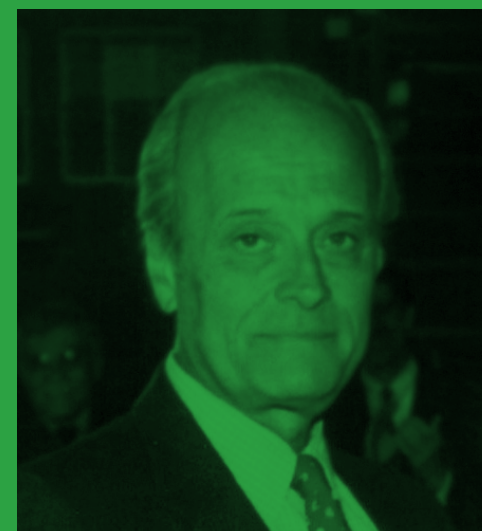


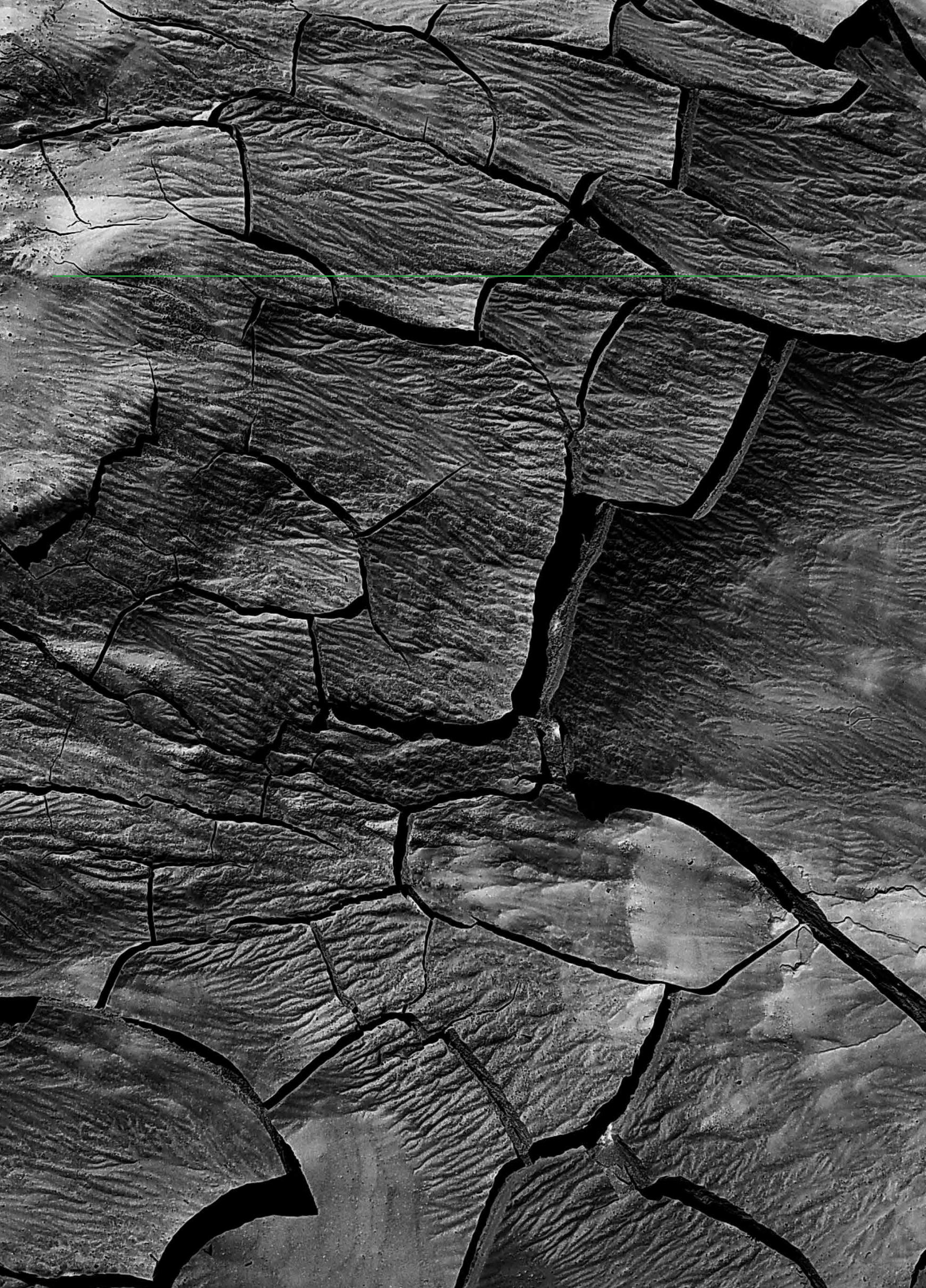
At that point, projects were too large to handle at a standard level. They required a lot of specialization, product support and differentiated workshops. Thus, the company became the major supplier.



NEW BOARD

In 1996, the company was renamed Ferreyros S. A. The Chairman of the board is Carlos Ferreyros Aspillaga and the Vice-Chairman is Eduardo Montero Aramburú. Oscar Espinosa Bedoya is the General Manager.





CHAPTER IX

2003

■ DIVERSIFICATION &
INTERNATIONALIZATION

2012



Component Rebuild Center (CRC) in Lima.

Then, when the crisis was already part of the recent past, the tight knit group of people, who once again challenged the present, began to move forward with will and pride. The austerity policy was maintained to sustain the company's structure, along with a commitment to growth, and always with a value-based leadership that looks at the long term while taking care of the short term, covering details that ensure continued success. In the process of moving forward, the company, which had shrunk and had seen several clients cease to operate, extended deadlines to others, prioritizing an implicit and fundamental principle: the road is made by all of us.

"If customers grow because of the supplier's support, they give their loyalty. We have impressive customer relationships. For us, there are no small customers, everyone deserves the same treatment. We stand on the basis of our values. Integrity, word, fairness; responsibility in taking on client complaints, when fair. Humility to recognize that you cannot manage alone, that success lies in surrounding yourself with qualified people, hiring valuable people, even people who earn more than you do. We must accept adversity with modesty and control the excessive ambition that seeks to privilege personal benefit. It is not important to make mistakes; they are important for learning. I talk a lot, but I also believe that I listen a lot. You have to know how to listen and make decisions based on the opinion discussed as a team. And this is how, with these values shared with our people, we have been able to move forward."

The value-based leadership throughout the company's decades is highlighted by Óscar Espinosa Bedoya as a main reason for the company's resurgence.

Moreover, the country's economic scenario, with a mining sector that was growing in

MINING SECTOR WAS GROWING AND THE BET ON LARGE-SCALE MINING, AS A RESULT OF THE CREATION OF THE DIVISION SPECIALIZED IN THE AREA, WAS BEGINNING TO BE REFLECTED IN THE INCREASE IN SALES.

number of projects, generated a bet on large-scale mining and, as a result, the creation of the division specialized in this area, which was beginning to be reflected in the increase in sales. In 2003, the sector was responsible for almost 60% of total revenues.

One year later, the company saw the need to reinforce its staff in the mining division, given the relevance that this activity acquired and the international level challenge of the operations of large companies. With the collaboration of Caterpillar, an experienced technician from their staff, Larry Gregory, was brought in to lead a qualified group of technicians of various nationalities. This decision, costly by nature, allowed us to provide high quality responses to client requirements and, at the same time, generated training of local personnel to take on this task on a permanent basis.

In addition, Gonzalo Díaz Pró, who had extensive experience in construction and mining, was invited to join the team as Planning Manager of the Mining Division. The vision was to share roles with mines in fleet





MINERS HAVE A LOT OF RESPECT FOR THE ONE WHO GETS DUSTY IN THE FIELD, WHO ROLLS UP THEIR SLEEVES WITH THEM, WHO IS AT THE FOOT OF THE CANYON. WHEN YOU ARE THERE, IN THE MINE, YOU GAIN CREDIBILITY.

management and to continue investing in Ferreyros' core capabilities, both in terms of infrastructure and human resources, in order to gain focus and specialization. Thus, both managers, Larry and Gonzalo, travelled frequently to Cajamarca to meet with a client for the most important mining project in the country to start a new stage.

"There were changes in the client's management, and it was time to reformulate the entire contract we had. We had been negotiating for half a year, and it took another half year to reach a different agreement. They wanted a contractor to work with them, but they wanted to be the ones to decide certain aspects based on our indicators. The contract broke many paradigms. These are contracts worth hundreds of millions of dollars, difficult, but with a good attitude, transparency, truth and values, they are accomplished. We have built a very strong relationship with this client. We developed a culture of teamwork together that continues to bring success to this day."

The episode narrated by Gonzalo Díaz Pró, now General Manager at Ferreyros, the corporation's flagship company, reveals how the company operates: it quickly responds to the client, proposes diverse solutions and its talents work as a team to come up with new ways of doing business.

Soon, those in the front line of the mining projects took over the position left by the expatriates, leading to a generational change and leadership with local talent. Thus, Larry Gregory was succeeded by Gonzalo Díaz Pró, who took over the management of the Mining Division in 2006. And as always, Ferreyros' presence in the field generated credibility, trust and respect.

In Ferreyros, there are stories about living together inside the mining sites. Stories

about the first nights at more than 4,000 meters above sea level, the difficulty in falling asleep and adapting to certain climates. But, above all, we remember the days of effort, creativity and drive to ensure that production continued smoothly. So recalls José Gutiérrez, now Manager of the Product Support Division, who spent many years in the mining camps along with other co-workers:

"Miners have a lot of respect for the one who gets dusty in the field, who rolls up their sleeves with them, and who is at the foot of the canyon. When you are there, in the mine, you gain credibility. The relationship becomes different. They respect you. We work as partners; we are partners of the mining projects. At that time, as now, our task was to provide them with solutions and help them grow."

In this field work, unbreakable bonds are forged. This happens in the different sectors that Ferreyros operates, and the management is clear about it: we must be at the customers' side wherever they are. These are times when three hundred of the company's workers live and work in the mines and another three hundred operate in workshops and warehouses in Lima. There are close to five hundred people serving the branches, with their own workshops, warehouses and support units, providing services to projects in other sectors and backing up activities at the national level. In 2005, the company had a total of 1,098 yellow-blooded workers.

Open-pit mining places high demands on the organization, as Jorge Durán, current Manager of Ferreyros' Human Resources Division, knows. He has 28 years of experience in different areas of the company, including management of the Large-Scale Mining Division and the Product Support Division:

THE COMPANY ACTS QUICKLY TO RESPOND TO THE CUSTOMER AND PROPOSE VARIOUS SOLUTIONS. IT WORKS AS A TEAM TO COME UP WITH NEW WAYS OF DOING BUSINESS.



Field work on
the Interoceanic
Highway, 2008

“In the Large-Scale Mining Division, we had a cohesive, orderly team, with clear objectives. That culture was crucial in dealing with the many businesses, contracts and technologies that emerged in those years. The portfolio was changing, with new models or upgrading technologies. Training and adapting the technical staff to deal with the operations was a major challenge. We had unprecedented experiences, such as negotiating important machinery contracts in China. It was a time of great growth.”

What follows is a story of rising figures at the company. To begin with, in 2005 the company once again reached a sales figure comparable to that of 1998, before the crisis. Up to that time, the US\$300 million marked a historical record. Two years later it doubled, exceeding US\$600 million, a figure achieved mainly by Ferreyros with the contribution of the subsidiaries Orvisa, Unimaq, Fiansa, Mega Caucho (currently Soltrak), Ferrenergy (established as an expert in assembly and operation of power generation plants, in alliance with another Caterpillar dealer) and Depósitos Efe (currently Fargoline). In 2012, the sales record already reached ten digits thanks to the simultaneous investment of two mining projects in the country.

The company is in a positive financial situation, with good profits thanks to everyone's hard work. Those who have witnessed several crises in the corporation say that it is necessary to meet the needs of the moment, to resist and emerge. That requires detailed planning work and successive analyses and projections. In those years, 2008 and 2009, when there was talk of an international crisis, the company continued to grow. At the end of 2010, for example, the number of Caterpillar

mining trucks of different payload capacities in Peru showed the company's remarkable expansion: more than three hundred and fifty delivered in different parts of the country (today, more than twice). Business in mining not only involves the development of skills within the company, but also promotes the creation of technical careers in the areas of influence, as was the case with the contribution to Senati Cajamarca for the creation of the heavy machinery specialty program in 2006. Over the years, the long and close relationship maintained with Senati, Tecsup and educational centers in different regions of the country would be highlighted.

In addition to serving large-scale mining, the company also has served underground mining, with Caterpillar load-haul-dump (LHD) loaders since the 2000s, gaining market preference. The performance of this production equipment in underground mines and the after-sales support allowed a consolidated and wide leadership, which has been even accentuated over the years, until today. In addition, prestigious brands complemented the portfolio with units for narrow and medium underground mine sections and an extensive offer of utility equipment.

Always at the forefront, the company is a pioneer in providing solutions for different sectors. For example, it made it possible to use giant trucks in Peruvian mining with a 400-ton payload capacity by bringing the first units of their kind to Peru in 2010. These are the Cat 797F mechanical drive mining trucks, which have wide recognition in the domestic market.

With this approach, the company expands and adds allies rather than companies. As Enrique “Kiko” Salas Rizo-Patrón, Manager of the Regional Accounts Division at Ferreyros and founder of the company Mega Caucho,

AT THE TIME OF THE INTERNATIONAL CRISIS, THE COMPANY WAS STILL GROWING.

recalls, in 2005, Ferreyros proposed him to acquire his company dedicated to the supply and support of tires for earthwork equipment. It also decided to retain Kiko in his position as General Manager. After three years, Díaz Pró proposed him a change of position: to lead the Construction Division at Ferreyros.

“It was a very big achievement that a company as renowned as Ferreyros took notice of mine; that it not only ended up buying the business, but also made me part of its team. It changed my life; it opened a bigger door: from selling my tires to selling the machines that used them. It was a great learning experience to work in a structure such as that of Ferreyros and with such important represented companies as Caterpillar. I always felt very close to the values and principles that I noticed in the company from the first day of the negotiation,” says Enrique “Kiko” Salas.

Over the years and with the incorporation of lubricants and personal protective equipment businesses, the company became Soltrak, today with sales of US\$80 million. It is a sample of what it means to become part of the corporation.

Without losing humility, managers recognize the company's strong base to sustain itself over time. And, as has happened

throughout history, the company's efforts are not only focused on one sector or one business, but diversification over time since it is a priority. As Luis Bracamonte Loayza, the company's Corporate Business Manager, points out:

“The company diversifies its products and services with a very prestigious portfolio in countries it operates. It transcends the borders of Peru. It diversifies its business through subsidiaries, among we seek to create synergies; it diversifies in the industries it serves, not only mining, but also agriculture, fishing, infrastructure... There are several areas in which Ferreycorp consistently creates value.”

The client is in the company's sights and so is every actor involved, such as the shareholder, the manager, the employee, the operator who interacts with the goods sold to the client and even the citizen. There is dedication and attention for everyone. Always transparent.

According to Patricia Gastelumendi, Central Manager of Administration and Finance at the end of the 2000s, the company shared its experience as soon as the topic of good corporate governance began to be discussed in the country:

“Corporate governance is a way of managing the company. Although we didn't call it like that, we have lived it that way since we entered the stock market in the 1960s, by treating shareholders fairly and acting transparently. When we launched new debt instruments in the 1990s and also placed shares in the international market, we perfected our investor relations: We already had a dedicated area in '97. We made our conference calls in English, quarterly reports...



Massey Ferguson agricultural tractors preparing soils for the potato planting campaign in Huancavelica.

So, when the term “corporate governance” arrived in the 2000s, we adapted smoothly and continued to work to strengthen processes and best practices and document them. In that decade, we started to become a benchmark in this field.”

Ferreycorp is one of the issuing companies that contributes to the publication of the corporate governance principles for Peruvian companies and, subsequently, throughout the decade, it has received a series of distinctions for its board policies, for the implementation of corporate governance practices and for the treatment of shareholders, as shown in the various editions of the contest *Buen Gobierno Corporativo (Good Corporate Governance)* organized by Procapitales. Two years later, in 2008, it was included in the Lima Stock Exchange’s Good Corporate Governance Index and obtained the highest recognition: *Llave de la BVL* (Lima Stock Market’s Award) as the issuing company with the best corporate governance practices. Over time, it has received this award many times and has been part of the Index uninterruptedly.

“Ferreycorp is, if not the only one, one of the very few companies in the country with a classic shareholding spread. In developed countries, there are companies with it, that are very important and listed on the stock exchange, and that have been attracting confidence of investors from all over the world. And this set of shareholders are the ones who participate in the adventure of doing business in each of the companies of this type. This requires transparency, resilience, equitable treatment, a lot of order and a purpose. All this is much easier to do in developed economies, with a fairly institutionalized legal and political system. This has not been the case for many companies in Latin America, but it is proudly the case of Ferreycorp. The company has attracted funds of pen-

sioners from all over the world, individual investors, companies and investment funds. Thanks to Ferreycorp’s performance and fundamentals, shareholders are betting on a company of this nature in Peru,” emphasizes Andreas von Wedemeyer, Chairman of the board since August 2020, with almost twenty years as a director. He knows that domestic and foreign investments bring with them new capabilities and possibilities for expansion, and that they are vital for growth and development of society.

“When I was appointed General Manager, I had mixed feelings. It was a recognition for my career and, at the same time, it was a great responsibility that I assume with many shareholders, employees, clients and principals, among others. One of the first reflections we made with my family was to become aware of how many families could be impacted by the decisions I was going to make together with the team,” recalls Mariela García.

Leadership in the company has been built over the years, with patience. A succession plan is designed and implemented: in 2008 Óscar Espinosa Bedoya took over as Chairman of the corporation, while Carlos Ferreyros Aspillaga focused on the Vice-Chairmanship and Mariela García de Fabbri took over as General Manager, after having served for more than three years as Deputy General. This is how García de Fabbri remembers that moment:

“I had been working with Oscar Espinosa for many years in financial management. When we developed the succession plan, one of the first tasks was to make me responsible for the strategic plan for the next five years. With the management team of which

**IT IS IN THE FIELD
WORK THAT BONDS
ARE FORGED
AND BECOME
UNBREAKABLE.
YOU ARE AT THE
CUSTOMERS’ SIDE
WHEREVER THEY
ARE.**



The succession plan at Ferreyros is implemented: Óscar Espinosa Bedoya took over as Executive Chairman; Carlos Ferreyros Aspillaga took over as Vice-Chairman; and Mariela García Figari, as General Manager.

CORPORATE GOVERNANCE IS A WAY OF MANAGING THE COMPANY.

I was part, we enthusiastically embarked on this project, from which many of the growth and diversification initiatives that we executed in the following years were born. When I took over the General Management in 2008, the team was formed by some people who are still with us, such as Patricia Gastelumendi, Gonzalo Díaz Pró, Lucho Bracamonte, Jorge Durán, Alberto Parodi, Eduardo Ramírez del Villar; and several others who had already retired, such as Hugo Sommerkamp, Andrés Gagliardi, José Miguel Salazar, Óscar Rubio, Víctor As-tete, Raúl Vásquez, José López and Carlos Dongo. Their departure led, as has always been the case, to a new generation of leaders, present today in the corporation and in each of our subsidiaries.”

New generation of leaders appeared, with more women than before. Thus, the industry, which for many years has had higher number of men traditionally, is gradually changing. This is being experienced globally, with great female leaders in different areas.

In those years, the corporation crossed the borders of Peru.

In 2010, upon the invitation from Caterpillar, after competing with other dealers, and thanks to the good relations with the previous shareholder, as well as with its Managing

Director Ricardo Ruiz, internationalization was achieved with the acquisition of Gentrac and Cogesa, Caterpillar representatives in Guatemala, El Salvador and Belize, leaders in the machinery market in their countries. This, in addition to being a historic step, shows the meeting of two organizations with many years in the field and shared values that create synergy. The corporation leveraged the abilities developed in Gentrac and Cogesa by Ricardo Ruiz and his team, who joined the corporation and, at the same time, transferred some of its practices to it, such as greater geographic coverage and on-site support of clients' operations.

The impact was positive, as reflected in 2012 sales, together with a construction boom in Guatemala. That year, the corporation in Peru also recorded its highest-ever sales figure (US\$1.8 billion), which reveals the good moment the country was going through, with sustained growth over the last few years. All were doing well, and both the parent company and its subsidiaries stood out at home and abroad.

In 2010, Forbis Logistics was created for the international transportation of cargo - including goods of impressive magnitude - by air, sea and land, with its logistics center of operations in Florida, USA. This makes a total of two logistics subsidiaries in the group: Fargoline, which dates back to the 1980s and provides warehousing, transportation, distribution and logistics services in foreign trade; and Forbis Logistics.

In its desire for growth, the company strengthened its portfolio. This time Caterpillar bought a new line: the purchase for US\$ 70 million of the distribution and after-sales service business in Peru of the former Bucyrus, with mining shovels and drills that are essential for large mining projects.

“Caterpillar acquired this line to complete its portfolio in large-scale mining; it was part of a strategic plan defined years ago. In each mine there are usually two or three giant shovels. The entire fleet of trucks revolves around these giants, whose unit value is more than US\$20 million. Field service is critical, so when Caterpillar entrusted its dealers with this task, it was very well received by the market. Support must be provided for shovels during their useful life, they are dispatched from factory in large pieces and are assembled by Ferreyros in the mine. Since Caterpillar bought this line, we have provided support for a large number of shovels in Peru. We have already performed many successful assemblies, as well as complete shovel repairs. Our team at Ferreyros operates with world-class standards,” says Fernando Armas Tamayo, Manager of the Large-Scale Mining Division since 2012, who came from a career at Bucyrus.

To accompany the business growth, the corporation increased its capital in 2012 through an issue agreed by the shareholders for the equivalent of US\$60 million. This amount was provided almost entirely by the shareholders, an act that reflected their confidence in the corporation destiny.

That year, the company was also transformed into the Ferreycorp corporation. The functions of Ferreycorp, as holding company and owner of the corporation’s companies, and of Ferreyros, as the group’s flagship company and main operating company, were separated. The focus of each of the businesses is more defined, and specific time and resources are dedicated to the supervision of their different lines. As Mariela Garcia points out, in reality the corporation has always operated as a holding company for decades:

“The role of holding company has always been part of Ferreyros’ culture. Since I ar-

FERREYCORP AND FERREYROS ARE ON THEIR WAY TO THE CENTENNIAL.

rived in the eighties, there were other subsidiaries. We are an organization that was always looking for new businesses. The operation of the businesses we already had always coexisted with other businesses that we were exploring. Today Ferreycorp encompasses all the companies, with Ferreyros being the largest company that is always one step ahead. We have a culture of entrepreneurship and growth and, as we celebrate our 100th anniversary, we are committed to continue doing the same.”

Thus, Ferreycorp and Ferreyros are on their way to their centennial. How do they reach their 100th anniversary?

Bell ringing for
Ferreycorp’s
100th anniversary
Ferreycorp at the
Lima Stock Exchange.

-
Carlos Ferreyros
Aspillaga with
Caterpillar’s chairmen
as he bids farewell to
the Chairmanship of
the board. From left
to right: Earl Doubet,
Glen Barton, Carlos
Ferreyros, Jim Owens,
Don Fites and
Tom Gales.





Cat 797F truck with a 400-ton payload and Cat 7495 shovel, in full operation at the mine.

THE COMPANY EXPANDS TO OTHER TERRITORIES, STRENGTHENS ITS PORTFOLIO AND PROVIDES COMPREHENSIVE SOLUTIONS TO CLIENTS IN ALL SECTORS.

2003 - 2012

DIVERSIFICATION & INTERNATIONALIZATION

SUCCESSION PLAN

IN MARCH 2008, THE BOARD ELECTED OSCAR ESPINOSA BEDOYA AS EXECUTIVE CHAIRMAN AT FERREYROS WHILE CARLOS FERREYROS ASPÍLLAGA STEPPED DOWN AS CHAIRMAN AND BECAME VICE-CHAIRMAN OF THE BOARD. MARIELA GARCÍA FIGARI DE FABBRI, WHO HAD SERVED AS DEPUTY GENERAL MANAGER SINCE 2005, TOOK OVER AS GENERAL MANAGER. THIS IS PART OF A SUCCESSION PLAN THAT ENSURES THE CONTINUITY OF A MANAGEMENT STYLE.



THE COMPANY IS GROWING TOGETHER WITH THE COUNTRY. WHICH IS REFLECTED IN ITS SALES, REACHING AN ALL-TIME RECORD OF US\$1.8 BILLION. IT IS A DECADE MARKED BY THE GENERATIONAL TRANSITION OF NEW LEADERS; INTERNATIONALIZATION TO CENTRAL AMERICA; EXPANSION OF THE MINING PORTFOLIO WITH THE PURCHASE OF BUCYRUS LINE OF SHOVELS AND DRILLS; AND THE COMPANY'S ESTABLISHMENT AS A HOLDING COMPANY.

BUCYRUS

In 2012, the distribution and after-sales service business in Peru for the mining machinery line, formerly known as Bucyrus, was acquired from Caterpillar for US\$70 million.



In 2012, the functions of Ferreycorp, as holding company and owner of the corporation's companies, and of Ferreyros, as the group's flagship company and main operating company, were separated.

GOOD GOVERNANCE

The company is distinguished by its uninterrupted inclusion in the Good Corporate Governance Index of the Lima Stock Exchange (BVL), by obtaining the *Llave de la BVL* (Lima Stock Market's Award) and the awards received in various editions of the Good Corporate Governance Contest.

400 T TRUCKS

In 2010, Ferreyros brought to Peru the first trucks with a 400-ton payload in the national mining industry. The Cat 797F, pioneers in the gigantism trend, have since gained wide recognition.



LOGISTIC FORCE

In 2010, Forbis Logistics was created for the international transportation of cargo by air, sea and land, and related services. Fargoline was created in the eighties and provides services of warehousing, transportation, distribution and logistics in foreign trade. They are the two logistics subsidiaries of the corporation.



INTERNATIONALIZATION

In 2010, the company acquired Gentrac Corporation, Caterpillar's representative in Guatemala, El Salvador and Belize, leaders in the commercialization of machinery in their countries. This is a historic step.





CHAPTER X

2013

■ TRANSFORMATION & SUSTAINABILITY

2022



Demo of Caterpillar machinery distributed in Peru by Ferreyros (heavy equipment), Unimaq (light equipment) and Orvisa (Amazon region).

If you suddenly had the opportunity to see how Ferreycorp, the corporation based in Peru and present in other Latin American countries, operates, you would see different images, starting by those of Ferreyros. A convoy of trucks moving all the parts of a giant shovel from the port of El Callao to a mine in the Peruvian Andes, where it will be assembled and put into operation. Caterpillar autonomous trucks, those that work without an operator, transporting minerals on perfect routes in one of the largest copper deposits in the world. Cat 798 AC and Cat 797F trucks, both with a 400-ton payload, operating without stopping at the mines. And in branches, distributed throughout the country, workers would be seen assisting clients from different productive sectors with dedication. Other images could show the Parts Distribution Center on Avenida Argentina, with operations organized and monitored to the millimeter to dispatch parts to all Ferreyros warehouses from these recently renovated spaces. You would also see the facilities in El Callao where Fargoline's logistics center is located and cargo from all over the world is stored and also transported to the most remote areas of the country. An airplane would be flying the skies with valuable cargo managed by Forbis Logistics, coming from one of the more than forty countries with which it works.

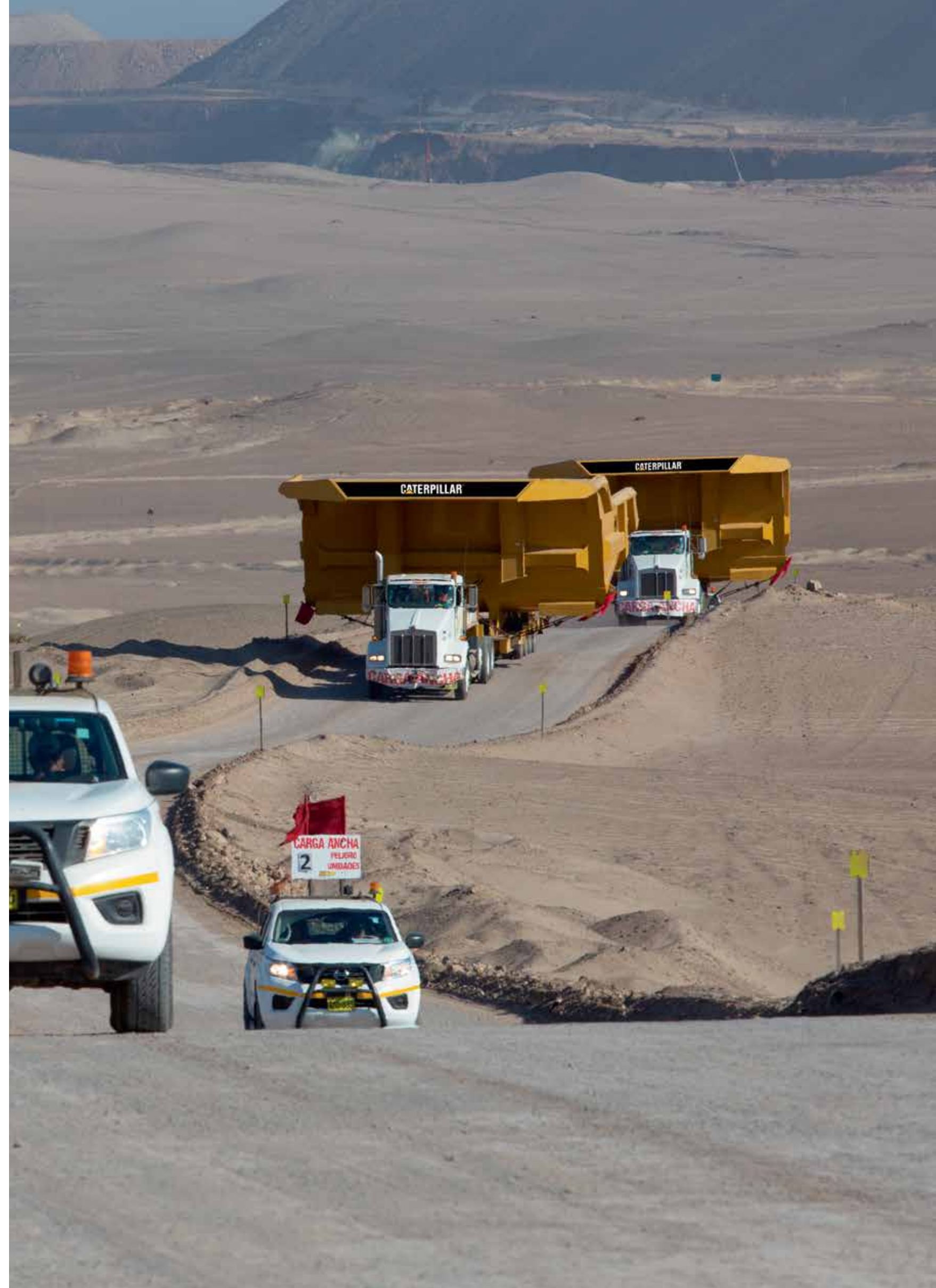
Attention could turn to the Andes Mountains, where Unimaq's Caterpillar skid steer loaders and backhoe loaders are busy building roads in a community, or to other of its light equipment that is also used in mining, along with a Ferrenergy solar power plant, supplying power with more than 2,400 Caterpillar panels, and with mining fleets operating with Sitech's sophisticated anti-collision technology. The images would also show the technicians of the Ferreyros Component Rebuild Center (CRC) in La Joya, Arequipa, which joined the one

WITH EACH
ACTION TAKEN, THE
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WHERE THEY
OPERATE.

founded in Lima in 1995, demonstrating on the field why both are certified by Caterpillar as world class workshops.

The images may show Soltrak employees developing plans for its industrial safety, lubricants and tire businesses, with impact throughout Peru. Or Orvisa's agricultural tractor operations in the Amazon region and Maquicentro's in Ecuador. Zooming into different South American countries, you could be impressed by the cranes supported by Trex in Chile, Colombia, Ecuador and Peru. And, in Central America, you would find Gentrac and Cogesa's Caterpillar equipment operating in Guatemala, El Salvador and Belize; and trucks, buses and spare parts for the transportation sector through Motored in El Salvador. All the images coincide in one thing: each company, with each action carried out, contributes to the development of the country where it operates.

If you were suddenly given the opportunity to see how Ferreycorp operates, you would clearly distinguish the commitment, vision and passion of all the family's companies.





Óscar Espinosa Bedoya, four decades of leadership in the company. His contribution is decisive in the organization's destiny.

To reinforce the new corporate structure launched in 2012, Mariela García remained as General Manager of the corporation and, in January 2016, Gonzalo Díaz Pró assumed the position of General Manager of Ferreyros. There would be more successions of some long-standing leaders replaced by a new generation, as well as some changes in structure to adapt to the new times in the market. This consolidated a Management Team at Ferreyros led by Díaz Pró, which today includes Fernando Armas, Jorge Durán, José Gutiérrez, Angélica Paiva, Paul Ruiz, Alan Sablich, Enrique 'Kiko' Salas and Álvaro Vizcardo.

Perhaps the best way to exemplify how the corporation operates and endures over a hundred years is to narrate the episode in which it achieved the largest commercial transaction in its history in 2018. The winning of the contract in one of the largest copper deposits in the world, in the Moquegua region, dates back to a decade earlier, when the customer began to make definitive decisions about the project. A group from the company travelled to Chile and then to the United States to participate and compete. And if we talk about competition, there is something unique that Ferreyros and all Ferreyrcorp companies have: attitude, passion, commitment, pride, loyalty, standardization forged by Caterpillar and driven by the company itself, with great professionals in its ranks and constant training. Thus, Ferreyros arrived to present itself seeking to be chosen. Finally, the mining company demanded autonomous trucks, i.e., trucks that are not driven by an operator. Fortunately, Caterpillar had embarked on that path several years earlier, so Ferreyros felt confidence when both presented their proposal to the mining company at the machinery's facilities in Peoria, Illinois, USA.

"For which mine do you want to see the availability of the fleet?," Ferreyros managers asked the mining company. Then the team led by Fernando Armas Tamayo, Manager of the Large Mining Division, provided extensive historical information on the physical and mechanical availability of the equipment. Immediately, they saw the reaction: on the other side of the table, the mining company was positively impressed with the presentation. They could not imagine that a Peruvian company was at that level of detail. Months went by, presentations by management and the different work teams in the United States and Peru continued, until the process concluded. Those were hours of excitement. At any moment a call would come, as Mariela García narrates:

"There was a lot of expectation from us and Caterpillar. There were several rounds in the negotiation over time and teamwork with Caterpillar to align us with the supply and highlight all our capabilities, our value proposition, because everything was at stake. It was the first time any company was going to operate an autonomous truck in Peru. You can imagine that when they confirmed that we had been chosen, we were very happy".

There is jubilation: the largest contract in the history of Ferreyros and Ferreyrcorp has been awarded. Within the established parameters, the company offers a high percentage of mechanical availability, i.e., the machine will operate for that entire percentage of time.

As Gonzalo Díaz Pró explains, achieving these figures requires exhaustive dedication: *"There are a lot of people behind to achieve that availability of the machine. Every day you collect information, enter it into the system, analyze what is happening, call the mine, make observations in case something*

IF THE COMPANY HAS LASTED A CENTURY, IT IS BECAUSE IT IS ONE STEP AHEAD, BECAUSE IT PLANS, PROJECTS INTO THE FUTURE, ADAPTS AND IS AHEAD OF ITS TIME, AND BECAUSE IT IS FAITHFUL TO ITS VALUES AND PRINCIPLES.

EVERY CLIENT
COUNTS; EVERY
EMPLOYEE IS
RESPECTED;
EVERY ACTION
IS SUPPORTED BY
THE COMPANY'S
VALUES. AND THIS
IS THE ONLY WAY
TO REACH ONE
HUNDRED YEARS.



Assembling Cat 7495
shovels, the largest
Caterpillar equipment
in Peru.

is happening, there is stress. But, as we say here, the best marketing is the availability of our products working in the field with the best percentage. And this customer is demanding, looking for perfection, always trying to achieve the maximum possible."

The contract involves US\$500 million, with more than fifty percent allocated to fleet sales and the balance to cover services for five years. To date, 100% of the Caterpillar autonomous trucks have been delivered and one year of service has been provided. All agree that the result is positive.

"Ferreyros has always been at the moments of innovation in mining. As a reference, we brought the first 400-ton mining trucks to the Peruvian market, the 797F, and we changed the trend in mines, which embraced gigantism. Then we brought the 794 electric trucks and, two years ago, the 798, the first in the world, making history in Peru. And we went further: we helped develop the first 100% autonomous, digital mine in the Americas with our autonomous trucks and support, together with Caterpillar. Ferreyros is always one step ahead". This is how Fernando Armas sums up the company's contribution to the mining sector.

What is next after reaching this historic milestone? To begin as always, with humility, because if there is something key in this century, it is that every client counts; every employee is respected; every action is supported by the company's values. And this is the only way to reach one hundred years.

Reaching the centenary is the result of adapting to changes. If decades ago, all sales were conducted by traveling salesmen, those agents who traveled around the country, this

decade is marked by the use of technology in that market and customer relations, as well as in the development of online sales. Thus, in 2017, Ferreyros began selling spare parts through the online platform Parts.Cat.Com (PCC). Today, 50% of the firm's spare parts sales through its stores are made using PCC. Unimaq, Orvisa, Gentrac and Cogesa, also Caterpillar dealers, are actively using this platform.

As a company, Ferreycorp is able to face changes and develop the ability to have the answers before customers make their demands. Therefore, three thousand Cat machines and engines from various sectors such as mining, construction, energy and fishing are being analyzed remotely at the Ferreyros Monitoring Centers, thanks to computerized systems that record and transmit key information on their condition and performance. And, as of 2020, remote monitoring is done twenty-four hours a day, seven days a week, with advanced analytics techniques for a relevant part of the Caterpillar large mining equipment operating in Peru. Millions of data collected and then interpreted by experts are used to detect trends in fleets and issue recommendations. Ferreycorp is already taking advantage of the Internet of Things.

The challenge is constant: How can it be best addressed for the benefit of operations and people? In mining, one way is the implementation of the Cat MineStar platform, which articulates scalable fleet management, high precision, safety and machine condition monitoring technologies, all the way to autonomy. In the construction industry, the use of VisionLink prevails and it manages all fleet information, from the degree of utilization and fuel consumption to the proper operation of each machine, allowing for efficient and remote monitoring.



Cat bulldozer demonstrating its recognized productivity in the field.

One of the strengths of the corporation's companies is their wide geographic coverage, which has allowed them to make contact with entrepreneurs and businessmen from all regions. In this decade, there has been a notable growth in sales in the construction and underground mining sectors in the provinces of Peru. By the end of 2021, Ferreyros' branches represented the second business division with the second highest annual turnover, with more than US\$ 200 million.

"By the end of 2021, the branches consolidated a portfolio of more than six thousand clients of small and medium-sized companies that are served by more than five hundred employees. This decentralization clearly shows how Ferreyros contributes to the development of emerging clients, with ties that go beyond business to friendship. The capacity of our branches and offices allows us to be where others do not reach, with specialized workshops, warehouses, service and sales personnel. I led our branches nationwide during six years and those years were a spectacular experience in my life. In addition to Ferreyros' branches, there are also Orvisas's, Unimaq's, Soltrak's and Fargoline's offices, which have hundreds of clients in cities in the interior of the country", shares Ronald Orrego, in charge of Ferreyros' Regional Accounts Division and now Corporate Business Manager at Ferreyrcorp.

In 2013, the corporation reaffirms its commitment to create value through innovation: Soluciones Sitech Peru was born, an expert in providing advanced technological solutions for sectors such as mining and construction. Sitech seeks to contribute to greater productivity safety and efficiency in operations.

But the business group did not stop and continued to focus on its internationalization. In 2014, the company Trex, present in Chile, Ecuador and Colombia, joined the Ferreyrcorp family, with a renowned range of cranes, port equipment and other lifting units, and recognized good practices. In a short time, the Trex Peru operation was integrated, taking Ferreyros' experience in the distribution of several of these product lines. A year later, Maquicentro was established in Ecuador for the sale and rental of light equipment, and Transpesa was acquired in Guatemala. Today Motored is focused mainly on spare parts for heavy transport.

During these years, from 2016 onwards, Peru has gone into a political crisis that continues to date, with four presidents in five years. Thus, in early 2022, the country's economic growth was well below its potential: there is business distrust and uncertainty, and there is evidence of high social conflict and absence of new investments.

And this is not the only factor. Two years earlier, the most unexpected situation occurred, which paralyzed the world: the COVID-19 pandemic; unprecedented situation.

On the night of March 15, 2020, when a state of emergency was announced in Peru due to the pandemic, the corporation was in a whirlwind. In less than twenty-four hours, the complex regulations had to be understood and decisions had to be made regarding more than six thousand employees. Some companies, because of their line of business, were more affected than others.

Fargoline and Forbis, belonging to the logistics sector, continued their work without interruption - activities permitted under the state of emergency - but almost everything else was paralyzed. A large demobilization



Mariela García Figari, General Manager at Ferreyrcorp; and Gonzalo Díaz Pró, General Manager at Ferreyros.



Ferreyros' Parts Distribution Center, which supplies the company's more than thirty warehouses nationwide.



2015. Global Dealer Excellence Award.



2021. Caterpillar Dealer Operational Excellence - All Gold Performance.



Above: 2012. Visit by Doug Oberhelman, Caterpillar Chairman and CEO, and other senior executives for the company's 90th anniversary.

Below: 2017. Jim Umpleby, Caterpillar Chairman and CEO, and other senior executives in the 95th anniversary celebrations.

was coordinated: thousands of company workers were to be removed from customers operations. Staff in charge of administrative and back-office functions began to work from home, remotely. In Peru, most of the workshops and the Parts Distribution Center temporarily stopped their activities. Only some essential works in the workshops could be carried out on an extraordinary basis. In other countries, the workshops continued to operate as usual because they were declared essential, but they had to incorporate new health protocols within a very few hours to safeguard the workers' health. The gradual return to activities that were paralyzed was complex given the changing regulations. The impact was significant in all areas where Ferreycorp operates.

"We are counting on your commitment at this time when we can demonstrate once again that together, we Ferreycorp, are stronger. Let's take care of each other, let's take care of our country," invoked the leaders of the corporation in a communiqué to all workers hours after the announcement of the state of emergency in Peru. A call for compliance with government regulations and the prevention measures disseminated by the company was issued. In the very short term, customers and suppliers were contacted to let them know that they could count on the company. And communication with shareholders was strengthened.

The pandemic impacted the corporation. For example, one month after the start of the pandemic, in April 2020, only 30% of the monthly income was received. Fixed costs were high, not commensurate with sales. Fortunately, the company is resilient, but it had to take action, it wanted to keep jobs. A voluntary and temporary salary reduction plan was discussed internally, with a greater percentage impact on those with

higher salaries. It was ensured that the salaries of those who earn less were not affected. This was a collective effort that had to be broad-based. The union was involved and, together, the company was able to quickly implement the plan, with everyone's collaboration. As in other crises, efforts were joined to overcome it.

At the same time, the order from financial management was to raise financial resources by exploring different vehicles and structures to sustain an unclear scenario. With physical mobility restrictions, with fears of increased contagion, but with high credibility in the financial community due to the resilience shown in previous crises, the company was able to obtain additional resources in the order of US\$300 million above the usual figure. Liquidity must be available to meet the needs of employees and suppliers in the event that customers operations take time to recover and some clients are unable to pay. After a few months, and thanks to a rapid recovery, there was no need to use these resources.

A safe and gradual return to work, including a series of protocols was planned. Guidance was provided, the evolution of the cases was monitored, medicines were sent to some regions, and the loan of medical oxygen balloons was organized. The company provided support to family members. Multiple counseling and support sessions focused on mental and emotional health were implemented. And emphasis was placed on dialogue within work teams, communication from leaders and on a powerful internal prevention campaign.

Decisive operations and commercial management were planned in detail. The aim was to ensure customer support and to make business recovery viable. This included, for

example, rescheduling fleet support that had to be postponed due to the arrival of the pandemic. Fortunately, as Ferreycorp reached the fourth quarter, the rebound was undeniable: The company's figures were again positive and, at the end of 2020, it closed with profits, which were distributed among the workers, men and women who put their heart and soul into such adverse situations as the pandemic. Shareholders also received the good news. The Ferreycorp family knew how to deal with COVID-19.

And, as in other catastrophic situations the country has experienced, the organization also has provided assistance to the affected populations. At the most critical moment of the pandemic, Ferreycorp and its companies Ferreyros and Soltrak donated thousands of biosecurity items to hospitals, firefighters and emergency services; provided machinery for disinfection work in the interior of the country; joined the initiatives that gathered efforts of the business community to implement oxygen plants and bring the first vaccines to Peru. With effort and hope, together we moved forward.

Seen from the sky, the disassembled Cat 7495 shovel looks like a Star Wars starship. It stands out for its hard-working and efficient service in the mine: seventy-five thousand hours of operation, removing and moving material in a project at 3,400 meters above sea level, in the south of the country. The video recording of one of the overhauls of shovels carried out by Ferreyros in 2021, in the middle of the pandemic, shows the enormous work of the company's workers. After weeks of arduous repairs, both in workshop and in mine, the huge machine was brought back to life to operate for another ten years. More giant shovels would be rebuilt later.

The company's performance was exceptional: a few years ago, it became the first Caterpillar dealer to overhaul this model, the largest piece of equipment in the Caterpillar portfolio in Peru, which in turn generated a valuable environmental impact. It is one of the challenges overcome, even feats, that are part of the company's life. Ferreyros' technicians and engineers distinguish themselves for carrying out complex, pioneering and strategic projects. This is only possible if the company is committed to developing people and optimizing technical and logistical capabilities through ongoing investment.

Óscar Espinosa Bedoya left the Executive Chairmanship of Ferreycorp in July 2020, after almost forty years with the company. Although this happened in times of pandemic, with social isolation measures, Espinosa received multiple tokens of appreciation from shareholders, Caterpillar, the board, managers and staff in a series of virtual meetings. His career has been captured in a book that managers prepared for him, entitled *No nos ganan (We can't be beaten)*, an expression he used to motivate his teams.

"His long-term vision, his optimism, his energy and his permanent motivation for us to achieve great things contributed to his legacy. He taught us to put the customer first and to cultivate long-term relationships. In the Caterpillar world, he was always well respected, not only by Caterpillar itself but also by dealers. He instilled in us a permanent commitment to always manage with values. And he left an example of contribution to the country, dedicating time to many initiatives of the business community: the most recent one, the launch of Empresarios por la Integridad (Entrepreneurs for Integrity). We took away many lessons and many of his phrases, which will be passed on to those who follow us," says Mariela García de Fabbri.

THE CENTURY IS CLOSING AND THE NEXT CENTURY IS ABOUT TO BEGIN, PRESERVING THE EMPHASIS ON SUSTAINABLE AND RESPONSIBLE MANAGEMENT.

Andreas von Wedemeyer, a board member since 2003 and a long-standing shareholder, now takes over the Chairmanship of the board. In his role as Chairman, he focuses on maintaining the company's competitiveness and high customer satisfaction, thanks to the application and development of technology that guarantees safe and efficient operations.

The century is coming to a close and the next century is about to begin, preserving the emphasis on sustainable and responsible management, today expressed in the acronym ESG (environmental, social and governance). Sustainability remains at the heart of the organization: is an important part of the corporate strategy and everything points to the company's purpose, "Together we create development".

The recognitions received in these years renew the company's commitment and reaffirm that it is on the right path. It is not for nothing that Ferreycorp is part of the Dow Jones Sustainability Index for the MILA - Pacific Alliance region, and is the only Peruvian company that has been present in all its editions, since its launch in 2017. At the same time, since 2021, it has been part of the new ESG index that promotes sustainable business activities in the Peruvian stock market: the S&P/ BVL Peru General ESG Index, as it did before with the Peruvian Stock Market's Good Corporate Governance Index, and has also received *Llave de la BVL* on seven occasions.

"In the early 2000s, when the term corporate governance was coined, it was familiar to us, we felt very close to the concept of sustainability introduced in this decade. We have long been convinced that companies are agents of change and must be managed

in such a way as to have a positive impact on all stakeholders, developing win-win relationships with employees, with suppliers, with the community in general and, at the same time, monitoring the impact on the environment, assuming commitments to reduce or remedy it. Our main activity related to capital goods, with their respective maintenance and repair, aims to provide greater productivity to clients and generate the least impact on the environment," says Patricia Gastelumendi, Ferreycorp's Corporate Finance Manager.

The organization has an eye on the environment. The corporation's efforts include reducing waste and energy consumption, managing the carbon and water footprint and, most notably, extending the life cycle of machines and components through repair and overhaul, from a twenty-meter maximum-span shovel, whose components can weigh ninety tons, to underground LHD loaders. And more and more things are being done. For example, an important group of the corporation's main offices is already carbon neutral in scopes 1 and 2, such as the Ferreyros workshop locations in Lima and La Joya, Arequipa, the Parts Distribution Center and the institutional premises.

And when the company is dedicated to sustainability management, social aspect is crucial and human management with employees is paramount, as highlighted by María Teresa Merino, Corporate Manager of Human Resources. The organization, recognized as a good employer, bases its work on respect for people, promotion of their development, equal opportunities, life balance, good working environment and support for employees, among other key points. That is what it is all about: providing well-being, development and opportunities to employees and carrying out actions to generate a multiplier effect.

Thus, the company has always been present beyond the offices, workshops and branches. The company has always been in contact with society through Asociación Ferreyros, formerly known as Fundación Ferreyros, with twenty-five years of work dedicated to young people throughout the country. The numbers speak for themselves: more than forty thousand students from universities and institutes, through their workshops, have consciously reflected on the values and civic action that Peru needs so much. The educational moment in which they find themselves is ideal for future professionals to assume an ethical commitment to the country.

The contribution extends beyond the classroom. There are also the Operators and Technicians Clubs, which recognize the importance of these stakeholders in the machinery world and make their talent visible in national competitions and offer them specialized training. It is clear that if the company grows, it grows with all the stakeholders involved. For that reason, Ferreyros' machinery instructors share their expert knowledge with them. And there is a real desire to learn and improve: since 2020 alone, talks on the Operators Club's networks have had nearly half a million views.

Learning, training and development must also be supported by a good infrastructure, which is an urgent task in the country. The corporation and its companies, which have been carrying out Works for Taxes for almost a decade to accelerate the implementation of public investment projects, are aware of this. In these almost ten years, more than thirty-five thousand Peruvians have benefited from eleven works financed and executed by Ferreyros for more than S/100 million. The corporation's focus is the water and sanitation development and construction of educational infrastructure through projects on the

coast, highlands and jungle. As the corporation celebrates its 100th anniversary, it is preparing a new and important set of projects.

If the company has made it this far, to this moment in which it celebrates one hundred years of life, it is because it has considered its people, their needs and shortages, and also the opportunities to grow together, convinced that development is made by all of us. And this is how it celebrates its 100th anniversary, being unique and, at the same time, part of everything.



Resilience and adaptation of human teams to continue providing services under new pandemic protocols.



Underground mining served with dedication throughout the country. In the picture, Cat LHD loader, fundamental in the mining production.



At the heart of success, there are always people. Ferreyros team on the giant Cat 798 AC truck.



Component Rebuild Center (CRC) in La Joya, Arequipa.

**THERE IS SOMETHING UNIQUE
THAT CHARACTERIZES EVERYONE
AT FERREY CORP: ATTITUDE,
PASSION, COMMITMENT, PRIDE,
LOYALTY AND GENEROSITY TO
SHARE KNOWLEDGE AND
BEST PRACTICES.**

2013 - 2022

TRANSFORMATION & SUSTAINABILITY

BELL RINGING FOR THE 100 YEARS

The Lima Stock Exchange celebrated Ferreycorp's 100th anniversary with a bell ringing, highlighting it as one of the pioneering companies in Peru in integrating corporate governance and sustainability principles.



“

We begin our second century with the same commitment as those who came before us: to help make a better country possible.

”

EXPANDED PORTFOLIO: GIANT TRUCKS

In 2022, a leading fleet of more than 130 Cat giant trucks, with a 400-ton payload, is operating in mining. In addition to the well-known Cat 797F mechanical-drive trucks, the Cat 798 AC electric-drive trucks are operating. Monitoring Centers (pictured below) track their performance.



INTERNATIONALIZATION

Ferreycorp continues its expansion process by acquiring some businesses that complement its supply in Central American countries and, at the same time, by entering Chile, Colombia and Ecuador with the incorporation of Trex.

AUTONOMY

The company recorded the largest commercial transaction in its history in 2018. It is a contract worth more than US\$500 million to supply the first autonomous trucks in the history of Peru and other important mining production equipment, as well as to provide, for five years, support and spare parts.

THE COMPANY CELEBRATES ITS 100TH ANNIVERSARY WITH THE CAPACITY, CONFIDENCE AND TRUST NECESSARY TO EXPAND IN DIFFERENT COUNTRIES AND COVER ALL SECTORS: MINING, FISHING, AGRICULTURE, CONSTRUCTION, ENERGY, INDUSTRY, COMMERCE... IT IS A NATIONAL AND INTERNATIONAL BENCHMARK WITH A PORTFOLIO THAT CONTINUES TO GROW.

FERREYROS' SECOND CRC

At the end of 2017, Ferreyros' second Component Rebuild Center (CRC), located in La Joya, Arequipa, started operations, which is key in serving the mining industry in the south of the country. Like the CRC in Lima, it has the Caterpillar Certification as a World Class Workshop.



INTERNATIONAL BOND

In 2013, Ferreycorp successfully placed corporate bonds in the local and international market for US\$300 million, with a demand five times higher than the amount placed.

CHANGES IN THE ORGANIZATION



In July 2020, Óscar Espinosa Bedoya stepped down as Executive Chairman of Ferreycorp after almost forty years with the company. Andreas von Wedemeyer, a long-standing shareholder and member of the board since 2002, took over as Chairman of the board. In his role as Chairman, he focuses on maintaining the company's competitiveness and high customer satisfaction. Previously, in January 2016, Gonzalo Díaz Pró took over as General Manager at Ferreyros.

GOLD MEDAL

In 2021, Ferreyros achieved the highest rating (Gold) in all the Excellence Programs created by Caterpillar: Service, Parts, Rental, Digital and Marketing & Sales. Caterpillar has more than 150 dealers around the world, and Ferreyros is one of only three dealers that has achieved Gold in all programs.

ENVIRONMENTAL AND SOCIAL LEADER

The company obtained the first "green" loan granted in Peru and South America in 2018. It was obtained for its good performance in certain indicators of good corporate governance and environmental and social sustainability.

TESTIMONIALS

OUR PEOPLE



**THE THRILL OF
WINNING A
BUSINESS IS
REWARDING.**



CARLOS

SACO VÉRTIZ

SALESMAN IN FERREYROS

†

At Ferreyros, the persuasive spirit of the sales team is a distinctive hallmark that has remained over the years. Before, as in movies set in the middle of the last century, salesmen wore neat suits, with elegant ties and briefcases in hand, but today they dress more casually. However, they continue to be those convincing people who strive for the successful closing of the negotiation and take extreme care to ensure that relations with the customer are more than cordial.

Carlos Saco Vértiz is one of those characters that seem to be taken out of a movie. Since he joined the company back in 1966, in addition to the elegance of his outfit and his ever-present pencil in his shirt pocket (he always had to be prepared), he was endowed with a strategic sense of humor. He had natural ability to make people laugh, to convince and, above all, to generate trust. These qualities allowed him to achieve significant sales and keep customers happy. This is how his son Gonzalo Saco Vértiz remembers: *“He was always a very extroverted person, with a strong but cheerful character, who awakened confidence. And something very important was that he kept his word: what he promised, he fulfilled.”*

There is a term that some people use to describe relentless salesmen: “biter”. At Ferreyros, that adjective has been used multiple times to describe Carlos Saco Vértiz, who was part of the company for almost forty years, during which time he transmitted that passion to his colleagues and to the promotions that followed him. His ferocity to win sales and new business, as well as his ability to move the entire organization to serve his customers, led to countless stories and anecdotes. *“I was once told that when my father visited the warehouse on Avenida Industrial, he always noticed the equipment that hadn’t been sold. ‘I didn’t know this model was still here,’ he said to the warehouse manager. The next day, the equipment was already in place for a customer. He did not let anything*

remain unsold in the warehouse. Today the warehouses work differently, of course,” says Gonzalo, who also worked at the company for fifteen years.

At Ferreyros, in-depth knowledge of machines, spare parts and products in general is not only the responsibility of mechanics, engineers and specialists. Salespeople also have to know everything. In addition to the constant training and workshops provided by the company and Caterpillar, salespeople have always gone out into the field to discover the customer’s needs and the details of the operation. Based on this, they make the most appropriate recommendations. In the 1960s and early 1970s, Carlos had most of his customers in Lima. He traveled around the city, but he also spent a quarter of his time building relationships and doing business in different parts of the country. At those destinations, he exchanged his suit for jeans and visited construction operations, infrastructure, sawmills or mines; Gonzalo and his brothers also went to those trips, although for them they were vacations. That was always the way he learned at Ferreyros: hands-on, in the ring.

Everything that is learned is passed on in the company. In almost forty years, the professional skills exercised by Carlos Saco Vértiz have become a legacy for Ferreyros’ salespeople. The combination of the meticulous follow-up in sales and after-sales, and the strong ties he established with buying companies had a successful outcome: the development of solid customer portfolios. Carlos retired from the company in 2004 and passed away in 2022, the centennial year. However, his sales formulas and lessons continue to this day, and will remain forever.

SALESMAN IN FERREYROS



In more than thirty years with the company, Huberto Cano has managed to bring together three essential characteristics in sales: flair, persuasion and passion. At Ferreyros, he had always characterized by having passion in abundance, as can be seen in his achievements over time. To be an efficient salesman, you had to have at least two of those three qualities. That is why Huberto, having all of them, ended up being considered a legend in the company. *“He had a gift for convincing the most skeptical,”* say those who worked with him. His colleagues emphasize his ability to predict who would be a good customer and who would not, as well as his unbridled enthusiasm for getting things done.

“He was a born salesman that I would love to have today, one of those ‘old school’ salesmen. Huberto has a good nose for business. I don’t know anyone in the corporation who has such a good nose. He had a conversation with a potential customer and within five minutes he knew if he was going to buy from us or if it was better not to work with him. He also had great charisma and loved what he did.” These words belong to Alberto Parodi, General Manager of Unimaq, who worked for many years with “Uncle Cano”, as he affectionately called him.

Over time, Ferreyros’ salespeople have specialized by type of machinery. Some are experts in rental, others in the sale of new machines, and there are also those who deal with used products. But it was not always like that. Huberto, for example, was a *“todista”*, which means that he sold everything and everywhere, because he worked in the north, center and south of Peru. To do this, Huberto had to spend a lot of time in airplanes, even though it was a huge challenge. *“One day, on the plane, we were in different rows and I sat down next to him to talk. I noticed he was nervous. I said, ‘What’s wrong?’ He was terrified of airplanes! And we had difficult flights. We crossed the Andes in small planes, the ones that move like kites.”*

In those years, Ferreyros’ salesmen overcame any obstacle that stood in their way to get to the customer and make a sale. Huberto was fascinated by challenges. Despite his fear of airplanes, he did it. It was also a small example of how he handled adversity. Maybe that’s why he had the ability to resurrect dead businesses. *“If there was a difficult scenario with any customer, they called him. In Lima or in the provinces, he went and talked to the customers so closely that he even ‘wheeled them’, ‘Come on, you have to decide, are you going to buy or not? It is better for you to invest’. Huberto knew very well how to address each customer,”* recalls Parodi.

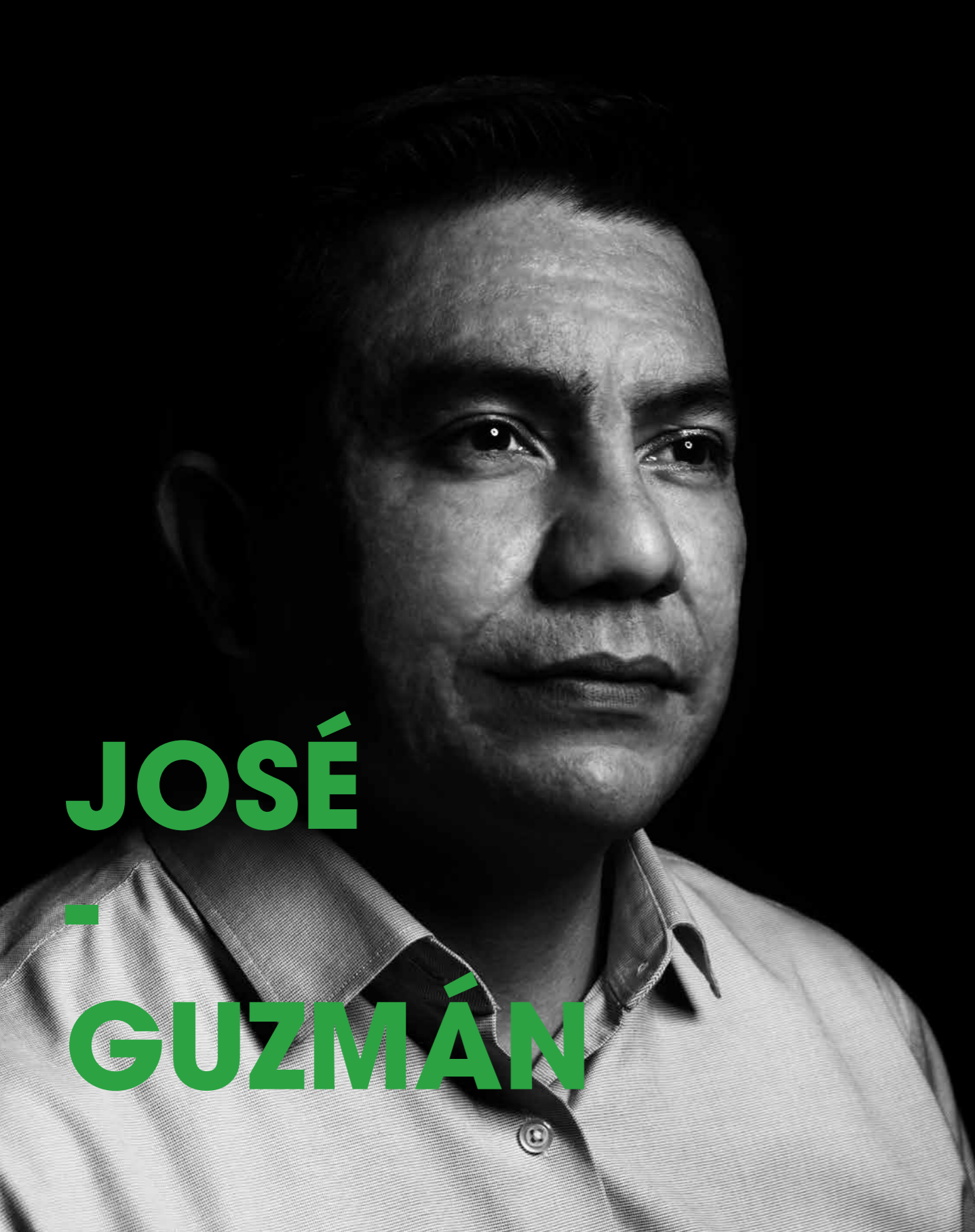
Huberto was Ferreyros’ main salesman in recent years in the markets of emerging customers in the provinces. He helped them, he understood them. He was a kind of confidant, mentor and even coach to them. *“I remember that the first machine that a well-known businessman from Puno bought was from Huberto and me. He has grown a lot; he has offices in several areas of the country. Huberto advised that customer. He recommended him to hire accountants, to formalize. Then he became an important buyer for us. To this day he must be grateful to Uncle Cano.”*

If there is something that the new generations in sales know today, it is the importance of knowing the customer and the love for the company. Huberto Cano transmitted this by example to the younger ones. In addition to the many transactions he had carried out over the years, he was very proud to belong to a company that has brought development to the country and to the people. Verónica Paiva, Accounting and Pre-budget Manager at Ferreyrcorp and Huberto’s niece, sums it up as follows, *“My uncle always wore the Ferreyrcorp’s colors, he loved the company. It was his second home; it was his family.”*



HUBERTO

CANO



JOSÉ

—

GUZMÁN

ACCOUNT MANAGER AT FERREYROS

In 1996, José Guzmán was an 18-year-old young man who earned his living working for a courier company. One of his frequent routes was to go to Ferreyros to deliver documents and packages. It was the nineties; Peru was experiencing the hangover from the harsh socio-economic crisis and the terrorism suffered years before; it was still some time before things began to get back on their feet. That is why José's relatives, like so many Peruvians at that time, emigrated to Japan and Italy to look for better destinations. When it was José's turn, something happened that changed his life: an opportunity arose.

José had not had many opportunities in his short life. He had to work from the age of thirteen to help his family and siblings. He sold everything: T-shirts, panettone and even lottery tickets. But he had a special passion for mechanics. That is why, when he went to Ferreyros, he was attracted by the machinery and spare parts. After so many visits, he became friends with the warehouse workers. They were the ones who told him, without hesitation, that they needed to hire personnel to demolish the old warehouse full of old shelves. This was the beginning of his relationship with the company. After that period, together with other colleagues who stood out for their performance, he was hired as a permanent employee. That was his first stop. The second, the adrenaline-filled world of sales.

At Ferreyros, there are many stories of opportunity and growth. José's is one of them. It only took a few years in the warehouse for several managers to notice that he had something special to sell. *"Before, it was all more personal, that's why they proposed me to move to the automotive division, to the sales team of spare parts for Chevrolet owners, which Ferreyros represented at that time. Then, the automotive area grew and had more trucks. That's how my transition to the commercial area began, serving owners in the auto parts store and then selling truck parts."*

José was not afraid of challenges and quickly proved that he was a salesman. In 2002, when he made the leap to the Rentando team, he had to overcome several obstacles. *"There I saw used machinery for rent and forklifts that we had to sell. I remember that we went to Avenida Argentina, where we looked for people who bought that type of machinery. Then, in the rental and used equipment division, I had to deal with bigger machinery, the tower cranes. It was difficult to sell them, it was not a technology used at that time. Then things changed, big jobs came along and I was happy to make my first big sale, for which I had to leave the country to close the deal. The thrill of winning a deal is gratifying."*

Ferreyros' salespeople, from generation to generation, inherit the instinct to successfully persuade and, especially, to detect and understand the exact needs of their customers, in order to offer them the solution and service that will help them achieve their goals. José had the good fortune to come across several experienced leaders who passed on valuable knowledge to him. *"I learned a lot from two people: Alberto Parodi, leader of the Construction and Mining division at that time, who took me to his team; and Huberto Cano, with whom I worked in that unit. In fact, I always had managers who saw in me capabilities to develop: Meléndez in Warehouse; Manuel Ugarteche and Alfonso Melgar in Automotive; Huberto Cano, Alberto Parodi and Gonzalo Díaz Pró in Sales. They all guided me and now I do the same with the new generations."* José has been with the company for 26 years now, and today he is Head of Accounts. As a good salesman, he knew how to seize his opportunity.

“

**AND SOMETHING
VERY IMPORTANT IS
THAT WORD IS KEPT;
THAT IS TO SAY,
WHAT IS PROMISED
IS FULFILLED.**

”

“

**WE HAVE ALWAYS
HAD VERY GOOD
LEADERS, LEADING
AND ENGAGING
PEOPLE IN ALL
REGIONS.**

”



NINA

NORIEGA

SENIOR
HEAD OF THE
CUSTOMER VALUE
AGREEMENTS
(CVA)

For more than eighty years, the company has reached out to its customers through branch offices in the areas of operation. These nationwide offices are responsible for bringing to life the company's great differentiator: warranty and after-sales service. No matter where in Peru the machine that needs service is located, the branches' teams go out to repair it quickly so that it continues to operate and meet the customer's objectives. That's how relevant the work of these people is, and so is the work of Nina Noriega, an administrator and lawyer from Cajamarca who has been making the company's value proposition infallible for fourteen years now.

Nina's joining the company is not the typical story of someone in an intense job search. It happened almost by chance, when she was still a student of Business Administration and Law, but the courses of both degrees she was studying in parallel were interrupted by a never-ending strike. *"I had a little freer time because of the work stoppages and my sister, who was doing an internship at the Cajamarca Chamber of Commerce, told me about a vacancy requirement for a temporary position at Ferreyros. The internship was in administration, services and sales. I thought it was a good opportunity. They took me on, and the one-month position became permanent."*

Nina's talent and dedication have opened doors for her in the company: she has been cashier, sales assistant and administrative manager (Piura), parts supervisor (Cajamarca), head of commercial strategic planning for the parts line (Lima), administrator (Ancash) and today she is head of the Customer Value Agreement department. Eight positions in different parts of the country: this is the path followed by branches' workers. *"In each branch I experienced wonderful moments. In Cajamarca, for example, I had my first commercial experience and I remember it as the trigger for my passion. I discovered that I needed to be in contact with customers. Ancash was also special. I grew as a profes-*

sional and there I went through very complex situations such as the pandemic. I was able to share with my team beyond work."

Nina has managed to understand very well the strategies behind each decision and action, and their impact on customers. Over the years she has identified peculiarities and collected memories from all the offices, each with its own mystique and idiosyncrasies, but with very definite characteristics that they all share. *"First, we have always had very good leaders, leading and engaging people in all regions. That is basic. Second, a very marked characteristic of these teams is that everyone takes on the challenges as their own and gives their best performance. And third, we see difficulties as learning opportunities."*

Because of Ferreycorp's business, being a woman has meant that Nina has always had to work a little harder. Fortunately, things are changing for the better. *"I love that we promote gender equity. Although there is still prejudice: it is believed that it is a sector for men. However, there are more and more women in the business. Seeing a girl as a technician in a warehouse, with the engines, can spark interest in many other women. Personally, since I joined the company, I have seen women leaders in strategic positions, which has been very inspiring for me. Without a doubt, I am here because I was given the opportunity and I am given new challenges all the time. I am passionate about that."*

BRANCH MANAGER



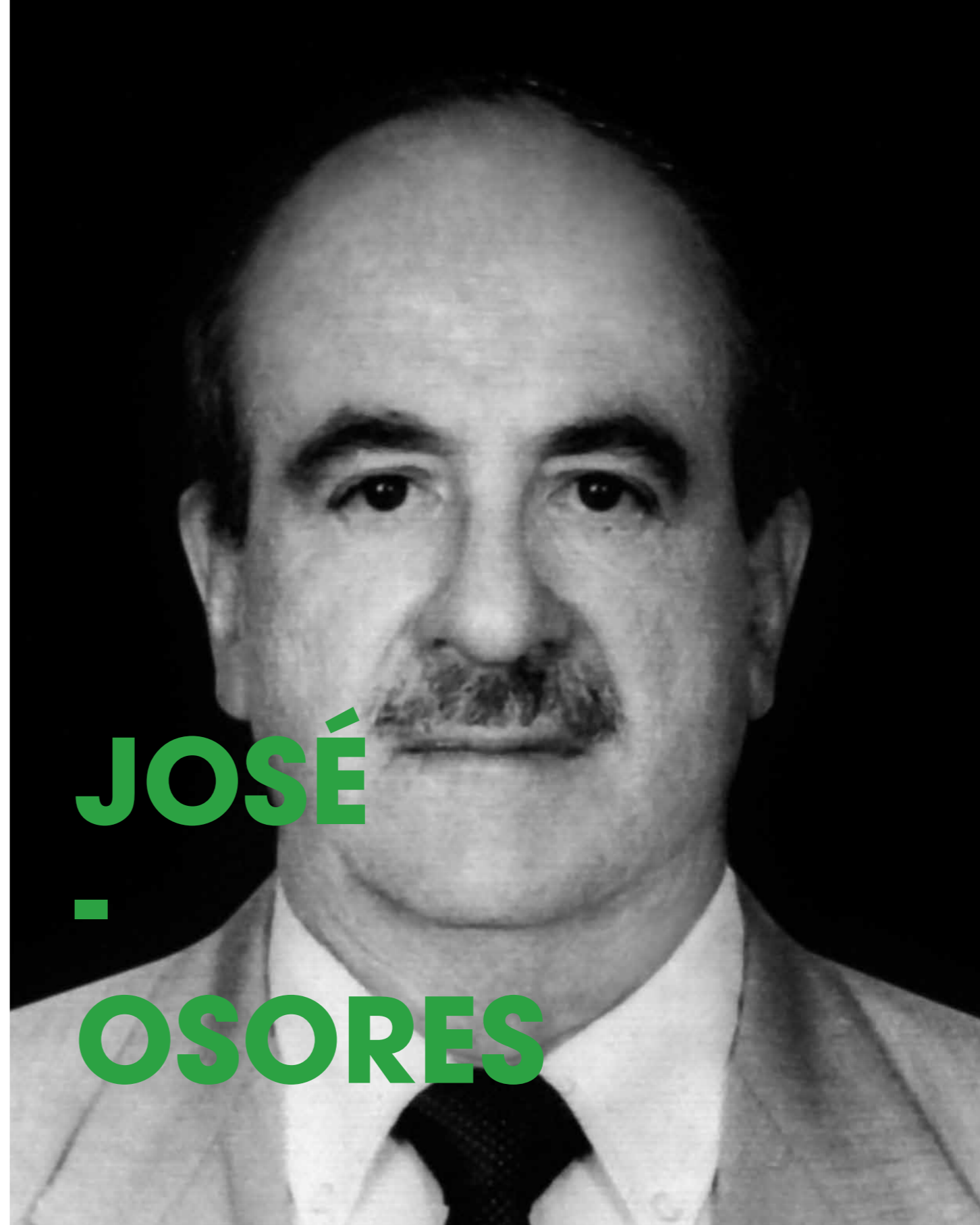
In the history of Ferreyros' branches, there are people who are true benchmarks. One of them is José Osores. His extensive experience with the company includes cities such as Piura, Trujillo, Chiclayo, Ica and Iquitos. In all of them, José left an enormous legacy of learning and friendship. Those who knew him and had the good fortune to work with him remember him sharing his enormous experience. Among the wide range of virtues he had, the training and promotion of talents stand out. Óscar Rubio, corporate business manager of Ferreyrcorp, was one of the people closest to Osores, as they worked together for eight years. His memories of "Don Pepe", as he affectionately refers to him, are filled with infinite gratitude. *"I owe much of my professional and personal development to him. I am certain that, if I had not followed his advice, I would not have developed the career I have managed to forge in the corporation."*

The advice Oscar refers to has to do with a particular episode. In 1983, José had been General Manager of Orvisa, one of the corporation's companies located in the Peruvian jungle, for a couple of years and needed to add a worker with Rubio's profile to his team. *"Don Pepe told me to go with him to work in Iquitos. It was a complicated decision. I was 28 years old; my children were still small. But he managed to convince my wife and me to make that radical change. We worked very well together. The company was going through an extremely complicated time, and I arrived to do the control and management work. There was a lot of affinity; we agreed on the changes that had to be made. It was the beginning of a great experience for me and my career."*

Many of the workers who belong to the world of branches are wandering characters. In José's case, his history in the corporation does not begin in the jungle. In fact, he had two stages: the first, when he worked in the Piura, Trujillo, Chiclayo and Ica branches. Then, after a brief separation, he returned to what he always considered his family to become

manager of the Trujillo branch. Later, in 1981, he became General Manager of Orvisa. *"All my childhood memories are related to Ferreyros. We had to live in different cities in Peru because my father was in charge of the branches. He was a dedicated man all his life and wore the company's colors. He always talked to us about his good times with Enrique Ferreyros and the previous generations of employees."* These memories belong to Alberto Osores, José's son, who also worked at the corporation with his brother Sergio.

One of the most complex challenges that José had to face occurred during his last stage in the company, when he was appointed Branch Manager in the mid-1990s. Peru was going through a difficult situation after terrorism and the mismanagement of the economy. The country's recovery seemed distant. In spite of this, Oscar remembers José's great performance in moving forward, always supported by the qualities that characterized him. *"The situation he found was very difficult. There were no sales. He had to make very tough decisions, but his way of doing things never failed. He was always looking forward and focused on the solution, regardless of past mistakes. He was transparent at all times and with all people. He was very empathetic and convincing. In addition, he faced complicated moments with great calmness. Those virtues of Don Pepe were lessons for me."* José's calmness was extraordinary and contagious. The following anecdote fully illustrates it. *"One day I went to Don Pepe's office and told him: 'I haven't slept all night, I'm worried. There are payments to be made to suppliers and we don't have those amounts.' He calmly replied: 'Oscar, what's the problem? Next week you call them, tell them what is happening, give them a payment date and we will evaluate if we ask for a loan.' That's it. That's how calm he was."*



JOSÉ



OSORES



EMILIANO

FLORES

**NORTHERN
REGION
MANAGER**

Branches are the face of Ferreyros in many cities and communities throughout Peru. Emiliano Flores, an industrial engineer from Piura, has been working in them for thirty-two years. Experience has taught him that to achieve good results, it is not only important to respond efficiently to customers' needs, but also to become part of people's lives. Therefore, social and community management has been important in Flores' career and in each of the branches where he has worked.

Piura and Cajamarca are two important cities in Emiliano's career. In both he has developed his career and achieved constant promotions. He started as a counter salesman in his hometown, was field parts sales representative, parts and services sales manager, branch administrator, assistant manager and, since 2013, northern region manager. *"The branches are the main arms of the organization inside Peru. Each branch has its own reality, but the same objective: to be close to the place of operations of our customers, who may be in the marine, construction, mining or oil sectors. We establish a very close relationship, to the point that we mimic the traditions and customs of each area."*

Ferreyros' presence in Cajamarca was crucial for the city's economy and to meet the demands of the mining industry, which was beginning to gain momentum with the arrival of a major mining company and contractors. Emiliano was there with his team. *"A mining customer has different requirements. The mine has much higher safety standards than we were familiar with at the time. We had to make some changes in our training to be able to serve such an important customer. We prepared technical and commercial teams that allowed us to serve the small businessmen who worked for that mining company. It was an extremely important stage."*

There are incredible stories surrounding the Emiliano period in Cajamarca. The branch expanded, making small businessmen grow.

"I remember a businesswoman who, before getting involved in the world of mining contractors, had a bakery. She wanted to get into the machinery business, and the advice she received from our team was such that she is now one of the main regional customers. It has more than sixty pieces of equipment, including machines and dump trucks. It is a huge customer."

Such stories are constant stories of branch workers, who are attentive to anticipate customer requirements and advise them to help them grow. In the Piura branch, in addition to great results in sales and shares, such as the creation of the Tumbes and Talara offices, Emiliano and his team knew how to deal with adverse situations, such as the El Niño phenomenon of 2017, which caused human and material losses. *"We earmarked support for the city and our employees. We had two incredible cases of rescue of company workers: one in the Pedregal area, where we used inflatable boats to reach the worker's house, which was submerged. The other was in the Miraflores area, where a sales representative who lived near the hospital was trapped because his building was flooded. We rescued him as well."*

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**THE BRANCHES ARE
THE MAIN ARMS OF
THE ORGANIZATION
INSIDE PERU.**

”

“

**IT IS IMPORTANT
TO RECOGNIZE THE
CAPACITY OF THE
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TO LOOK FOR
ANOTHER JOB.**

”



MARÍA

ESCUDERO

SECRETARY OF THE PRESIDENCY, RETIRED

In a company like Ferreycorp, immersed in the machinery and truck industry, there has always been room for women. The world of work has changed over time, but since its beginnings, the company has had equal opportunities. Since 2008, the company's general management has been headed by a woman, Mariela García Figari de Fabbri, and there is a policy of equity and equality that is fully fulfilled. Women's involvement in the company goes back much further: María Escudero, Augusta Ponce and Gladys Díaz are part of this group of forerunners. Their stories reveal the key role played by working women who, in those years, defied stereotypes and contributed talent, dedication and professionalism.

María Escudero, "Maru" or "Maruja", as those who worked with her call her, joined the company in 1956, at the iconic Beytia location. Her sisters Elena and Margarita were already part of the company. María saw them so happy that she decided to follow in their footsteps. When she was only twenty years old, her career began in the Pumps and Motors section of the Industrial Department. She later worked directly with emblematic leaders such as Carlos Ferreyros Ribeyro, Enrique Ferreyros Ribeyro and Carlos Ferreyros Aspíllaga. She has contact to this day with the last one, because, although she is retired, her restless spirit keeps her active. "I continue to work with him. I help him with personal matters. Besides, I like to keep busy."

From her position as assistant to managers and directors, María was able to experience the evolution of technology in the workplace. She reflected on the various difficulties she had to deal with on a daily basis that today's workers cannot even imagine.

"In those days you had to know shorthand, type and, in some cases, knowledge of English. Few people know what it was like to write letters in those years. You couldn't make mistakes. We worked with typewriters.

Then we used electric ones that had memory; then came the computers. And calls! Now it's easier; you can communicate instantly through messages. Before, a long-distance call was very expensive. The kids have no idea what it was like."

Brothers Carlos and Enrique Ferreyros Ribeyro left an indelible mark of memories and learning. "Don Carlos taught me responsibility, cordiality, good service, doing everything the right way. He was an exceptional person in every way. I remember that he used to go to work with a lunch box and have lunch in the board room. He greeted everyone by name. Enrique had a different style, perhaps a little more reserved, but he was very human, a great person, and you can feel that."

After comparing the past with the present, María is moved by the wonderful transformation in working conditions that the women in the company now enjoy. "Before you could basically study secretarial work. Now you have careers, just like men. In all my years, I have never seen machismo or ugly situations in the company. But it is important to recognize the ability of the women who were there. I always worked hard and it never crossed my mind to look for another job. I was happy. I was there for sixty years and I feel grateful. It has been a blessing."

RESPONSIBLE FOR SHAREHOLDERS, RETIRED

In 1962, when Augusta Ponce applied to work at Ferreyros, she had to take a short knowledge test. Some of the questions corresponded to the subject she liked least during her time at school: mathematics. She did not manage to answer a single one. When talking to her, the recruiter noticed that there was a young woman with a lot of criteria and potential in front of him, but he was surprised by the lack of answers.

“Why didn’t you solve the math problems on the test?” he asked. Without a second thought, and with sparkles and confidence, Augusta replied, “Because I don’t like math. And because I’m sure I won’t use it in this job. I’m going to write.” Years later, she was able to demonstrate that she possessed many other skills that allowed her to carve out an important place in the company.

Augusta’s career at Ferreycorp is a story of audacity and growth. She joined the company when she had barely finished her schooling and took some secretarial studies. However, she had three innate traits that would become her greatest allies: indomitable character, great ingenuity and judgment in making decisions. An incident with her first boss, Mr. Román, perfectly reveals his strong personality. *“I was having a conversation with a colleague and my boss called my attention by raising his voice a little. I said, ‘Mr. Román, I am not deaf’. The man was speechless. He didn’t say anything. After that, we got along perfectly. He was very good to me. He showed me how the company worked.”*

In the company they are always attentive to talent, to the capabilities of the employees. Augusta was no exception at the time. The administrative manager, Miguel Larrabure, proposed that she work with him. The offer came with an attractive salary increase, but a disadvantage threatened the promotion. Just as she couldn’t do math at school, she struggled with shorthand in the secretary’s office. But that didn’t stop her. Her ingenuity enabled her to overcome the obstacle. *“I used brief forms; I had my own shorthand. When Mr. Larrabure*

called me for the test dictation, I pulled my chair so he couldn’t see what I was writing. He dictated about six pages. I did the letter; he told me it was very good and I went to work with him. Later, talking to my former boss, Román, I told him that I had “made a fool” of Larrabure in the dictation. Later, when he was about to dictate again, I pulled my chair back. He told me, ‘Augusta, it’s not necessary, I already know you made a fool of me’.”

Augusta’s working relationship with Larrabure was long and trusting, to such an extent that the manager gave him a very special assignment: shareholder management. Over the years, this request became Augusta’s main activity. He had the arduous task of digitizing the shareholder registry, leading the transition to Cavali and contributing to the success of the Shareholders’ Meeting, among other challenges. *“I continued working with Larrabure, but at one point I stopped being his secretary because the number of shareholders grew a lot. Two hundred was manageable, but after that it was complicated. For years I had to write the checks by hand. Then we put them into the computer. It became my main activity and it was necessary. Maybe that’s why we got so many awards for the best shareholder treatment.”*

Augusta lived 54 years of professional development in the company. In addition to learning mathematics (in order to be able to manage the thousands of shareholders), she developed an enormous passion for serving shareholders with great care and without distinction. And of course, along the way, he collected incredible anecdotes. *“One day Mr. Moreyra Paz Soldán arrived with a blank payment form. So, I told him, ‘Sir, come this way, and I sat him down at a desk.’ Suddenly, Mr. Carlos Ferreyros called me and said, ‘What is Mr. Moreyra Paz Soldán doing sitting there?’ I answered that he was filling out the form. He asked me, ‘Do you know that he has been Vice-President of the Republic?’ I answered him, ‘Don Carlos, I have a queue of shareholders coming from far away. Besides, if I fill it out once, I will have to fill it out every time.’”*



AUGUSTA

PONCE



GLADYS

DÍAZ

SOCIAL WORKER, RETIRED

Companies are driven by people. Behind Ferreycorp there are thousands of workers, architects of achievements and protagonists of success stories. In the company there is an admirable spirit of solidarity forged over the years thanks to the drive of a woman: Gladys Díaz. In the publication that was made for the organization's eightieth anniversary, she was called "the workers' guardian angel." And it was not for nothing. Gladys dedicated almost fifty years of her life to helping, with great dedication and sensitivity, many members of this enormous family.

Gladys' office featured a message containing the motto of her profession: *"The Son of Man did not come to be served, but to serve"*. That motto accompanied her at every stage of her professional life, when she was studying Social Services and during the intense experience that Ferreyros meant. In 1966, Gladys had been working for about six years in the Enrique Ferreyros Ayulo Fund, an institution created to provide social assistance to the employees of the company Enrique Ferreyros S. A., which managed to implement scholarships for the children of workers with good school performance, health plans and extraordinary housing programs that, over the years, allowed many employees to own their own home.

Although she was happy with the impact of her work, she wanted to take on a new challenge: the company was requesting the services of a social worker to assist all workers - technical staff, employees and officials - so she decided to apply for the position. After an interview with Dr. José Tagle, he took the leap. There she dedicated herself to listening to the staff, understanding their needs and gathering information through surveys in order to improve working conditions. At the same time, Gladys involved the family in all her work plans. Among her main achievements, she promoted preventive educational, recreational, sports and cultural programs, health campaigns, first aid courses, housework

courses, family trips and a summer vacation program for workers' children.

Gladys' greatness was also evident in the midst of a crisis that the company experienced. She agreed to share her working hours with another company of the group, Laboratorios Efesa. There she also organized the Social Service office and, with overflowing charisma, won the affection of the almost one hundred women who made up the team, many of them with great personal and family difficulties. She became so involved that, instead of working one year like that, as agreed, she stayed for more than seven. *"I set out to befriend them. I became just another worker. I was their shoulder to cry on. They were mostly single, struggling and courageous mothers."*

Gladys undertook several solidarity crusades, one of which even became known in the media. *"There was a worker who needed a kidney transplant. It was the first of its kind in the country. It was expensive. The donor was the worker's brother, who needed help in various aspects. With the participation of the workers, we took care of the financial support of the family and the part that was not covered by social security, we paid the rent/sale of the house, the children's education and the special food they needed."*

The gratitude of many workers to Gladys is huge, and so is her gratitude to the company, *"I feel blessed. I am so grateful to two people who have left their mark on my life: Mr. Miguel Larrabure and Mr. Andrés Gagliardi. Without their help and support I would not have been able to do so much work in this great company and fulfill the motto of my profession, because in Ferreyros I was always there to serve others."*

“

**AT FERREYROS I WAS
ALWAYS THERE TO
SERVE OTHERS.**

”

“

**MY PERSONAL
ACHIEVEMENT IS
TO HAVE ACTED
WITH A LOT OF
PASSION AND
INTEGRITY IN
MY DIFFERENT
POSITIONS.**

”



GINA GÓMEZ

HEAD OF PRIME INVOICING AT FERREYROS

For Ferreycorp's companies, with million-dollar machine sales, the Administration area is neuralgic. It is the heart of the business. Those who are part of this team must know everything: from sales and financial processes and systems to tractor models. To achieve this goal, constant learning, being at the forefront, and developing a special sense of attention to detail are essential. This is just how important their work is because making sales happen depends on them. Gina Gómez knows this very well because since she joined Ferreyros in 1983, she has been part of the administrative group in distinct roles, but with a single focus: that satisfaction is the same for both the company and the customer.

Achieving this is the result of multiple lessons learned over almost forty years. *"Our team makes sure that customers receive their machine on time. We focus on invoicing, delivering on time, and verifying in advance that the agreed-upon payment terms and conditions are met. All the details of that process must be covered. If we do not give authorization, the machine is not delivered. That's why we have to check that everything is right."*

When she worked in the logistics team, Gina was in charge of purchasing agricultural machines. One afternoon she came with a purchase order to the office of her boss, Hugo Sommerkamp, for his signature. *"I remember he said to me, 'What are you going to buy?' I replied, 'Specialized equipment. 'And what equipment is that? Do you know how it works?' he asked me. I was caught unaware. I didn't know that. 'How are you going to buy something you don't know? Read what it is and bring me the order,' he asked me. So, I went to the sales and marketing area to look for catalogs to get information. From there, I started to check the data on everything."* That day she was able to measure the value of knowledge.

At Ferreycorp, the culture of learning and teaching from generation to generation is

alive. *"For the areas where I have worked, the university gives you important knowledge, but the day-to-day and the colleagues are the best sources for learning. I like teaching; therefore, everything I learn, I write it down and share it."* Gina is now head of the Prime Invoicing (New and Used Machines) department.

In the Administration area, she has overcome and faced enormous challenges over time always with sacrifice and tenacity and by making use of the lessons learned in the past and daily. One of those challenges was the migration of financial management systems. *"In 1998, we adopted a system called DBS, a state-of-the-art technology Caterpillar recommended. It was a challenge because we had to implement it nationwide. My area was in charge of training and data entry: inventories, accounts...The day we shut down the old system and put the new one in place, we all worked until dawn. A long time later, when we switched from DBS to SAP, I was already toughened by experience. I also took part in that project on the prime invoicing side. It was another challenge. So far, there are still things to improve, but we have done the important ones. In my case, the objective was to be able to invoice, collect and deliver."*

With effort and dedication, and hand in hand with the company, Gina has grown personally and professionally. She has raised her three children by giving them the most valuable tool: education. *"I have always tried to give my best for the company. Ferreycorp is family and learning. I feel at home here."*

HEAD OF PERSONNEL, RETIRED

Behind the successful sales, the fast machine service, or the many procedures and arrangements that make the company run, it is its people's talent. People are the most valuable resource, and Ferreycorp has been always clear about that. Carlos Cortés, who was part of the corporation for almost fifty years, has been more than a witness to this: he was in charge of the selection of several generations of the company's employees. *"The most important thing for a company is not what it sells: it's its employees. If your team is not happy, nothing can go right. If you want service quality, then you need good employees."*

Carlos arrived at Ferreyros in April 1962. At that time, he had no idea that his professional future would be linked to a human resources team. In fact, his history in the company began in another sector. *"I was studying at the pre-UNI (pre-university academy), but in reality, my dream was always to study at the Católica. So, I was admitted to that university to study Civil Engineering. At that time, my father told me to apply for a job at Ferreyros. I went to take the exam with a bunch of guys at the head office in front of the San Pedro church next to the La Colmena building on Azángaro in downtown Lima. Ferreyros occupied the third to eighth floors. I gave an exam on geometric and arithmetic progressions that was easy for me. Although I arrived a little late, I was one of the first to finish. That's how I joined the company."*

The company has always had a good eye for detecting people's skills and placing them in the areas where they can contribute the most. The young man in a suit and tie who went to work every day to Azángaro was assessed in various positions until they found the right place for him. And because they believed in his talent, they invested in his training. *"I started working in Accounting, then they moved me to Cashier and then to the Santa Rosa warehouse located on Avenida Industrial. There I was a cashier's assistant. Later, I was transferred to Spare Parts as a*

Kardex clerk. When that job was automated and disappeared, I went to Personnel. There I got stability. I found what I liked. I was sent to study Business Administration and Technical Outreach Service for Executives at the Universidad del Pacífico. I enrolled in every Human Resources seminar I saw. I am incredibly grateful to the company for my professional training. I graduated with a degree in Industrial Relations from the Universidad de San Martín de Porres, where I taught."

As he learned and grew, Carlos started to learn about law and dealt a lot with the union, with leaders to whom he listened and with whom he established ways to reach agreements. Cortés recalls that in times of crisis, as in the 1980s, measures were taken that required employees' understanding to avoid expenditure overruns for the company. *"The employees worked half an hour longer voluntarily without any payment. It was similar to the workers. Ferreyros has always known how to reward. It implemented housing programs in Chorrillos, Zárata, Cipreses, and San Miguel. It gave loans to workers to rebuild their houses after the 1970 earthquake in Ancash. I also remember that all the workers gave a day's salary for those who suffered losses."*

At the company, Carlos is remembered for his sense for people and his approachability. He learned to see talent just as his bosses identified his at the time. The number of people he interviewed when he was head of personnel exceeds three digits. *"Out of the fifty years I worked at Ferreycorp, I interviewed people for at least thirty years. More or less 7200 people. I traveled to Ferreyros branches all over Peru and different mining centers where the company had personnel stationed, and I was in permanent contact with the workers. When I traveled, I gave them my home phone number, and if they had problems, they called me."*

A black and white portrait of Carlos Cortés, an older man with short hair, looking slightly to the right. The image is partially obscured by large green text.

CARLOS

CORTÉS



OSCAR

CHUMBE

HEAD OF GOVERNANCE, RETIRED

Constant learning and extensive knowledge of the company's processes and products are hallmarks of the management team. And it is probably Oscar Chumbe who has put both characteristics into practice the most, transmitting them to his coworkers every day. When he joined the company in August 1979, he was assigned to the service area and, by way of orientation, received a three-month refresher course in mechanics with daily practice in the afternoons at the repair shop. That beginning marked his life. He discovered that he had come to learn. From that moment on, he never stopped.

A few months after joining Ferreyros in 1980, Oscar worked as an assistant to Arturo Paredes, the national head of Services at Ferreyros. As part of his job, he was asked to replace the chiefs of service on vacation. So, he had to travel to Chimbote where the person in that position was also the administrator. That experience helped him learn more about the company. *"I have a philosophy: we all have to know what we do and a little of what others do. Salesman should know about accounting, finance, and social work. Wherever I went, I absorbed everything I could, like a sponge. Chimbote was my debut as an administrator."*

Those temporary replacements led him to the corporation's company in the Peruvian jungle: Orvisa. He was supposed to stay one or two months at the most but stayed, divided into two periods, for more than twenty-five years. *"I remember I arrived just on my birthday, May 20, 1980. Six months later, I joined the company permanently. The first period was until September 2000, and the second from 2001 to 2007. I was head of Service, head of Spare Parts, head of Sales of the company, and then manager of the Pucallpa and Tarapoto branches. During the four or five months of absence, I worked in Arequipa. There I had to organize the personnel of the sales department."*

Facing challenges brings special satisfaction to Ferreycorp's employees. Oscar's Amazon

adventure was challenging and demanding. Orvisa's area of influence is complex because of its accessibility, communication, and transportation difficulties. Moreover, in those years, terrorism was a threat. *"In Loreto, for example, journeys are mainly by river, and in the 1980s, the entry to the oil zone was via seaplanes, which were like buses that left Iquitos every hour. There was still no airport. It took one night to go from Iquitos to Requena. Additionally, terrorism emerged in many of these areas and became a latent danger on the roads and in the towns we visited."*

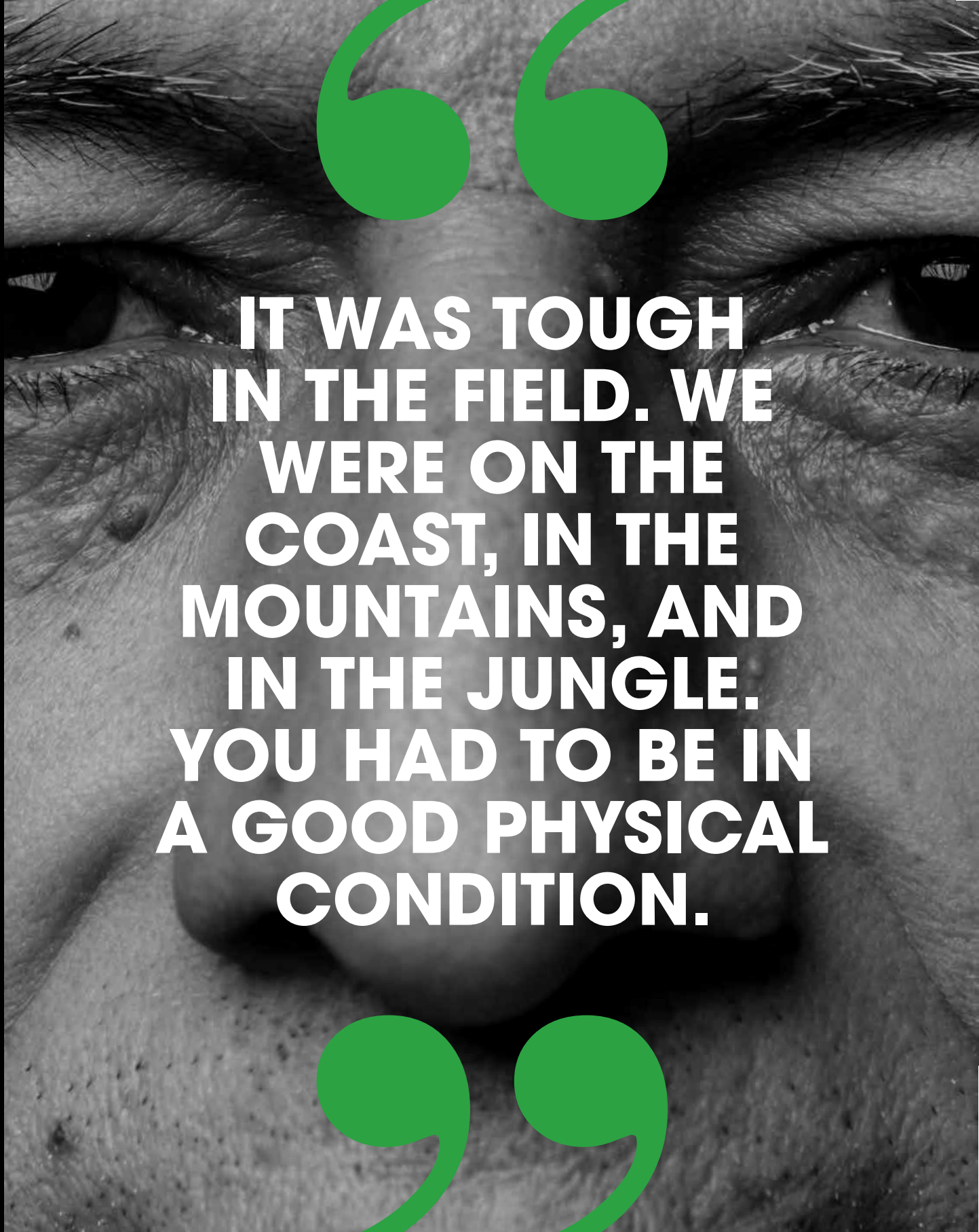
After the war against terrorism, Oscar's time in Pucallpa (2001) and Tarapoto (2003) meant exponential professional growth and good times with his family. Then, in 2007, he was given a crucial task: head of the Government Sales Department at Ferreyros. *"It is necessary to have much knowledge of our product, the current legislation, good commercial practices and zero tolerance to malpractices. We have achieved, for many years, a significant market share in this sector, especially in Caterpillar machines. It is an important sector to which attention should be paid. I also worked on the drafting of the rules for the treatment of business with the Government, which indicate the actions required to be taken by each participant."*

Oscar was in charge of Government Sales until January 2021, when he decided to retire. *"My personal achievement is to have acted with a lot of passion and integrity in the different positions and areas in which I worked. I never had a work schedule. It was from eight in the morning to five in the afternoon, but I arrived at seven. If I went ten minutes over, I felt bad. I always had an eagerness to listen, teach, and advise my colleagues. The company had an incredible impact on my life."*

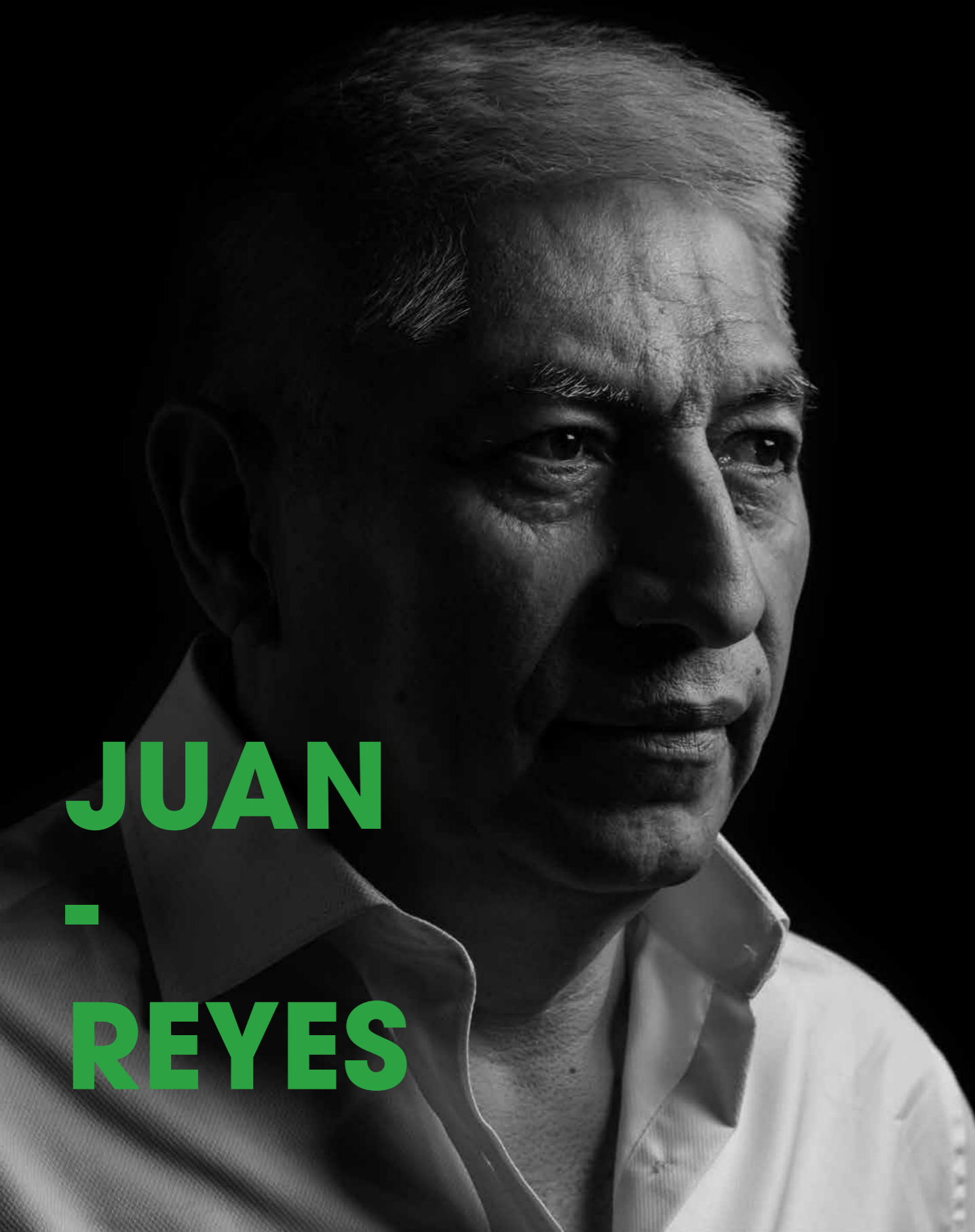
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**FERREYCORP
IS FAMILY AND
LEARNING. I FEEL AT
HOME HERE.**

”



**IT WAS TOUGH
IN THE FIELD. WE
WERE ON THE
COAST, IN THE
MOUNTAINS, AND
IN THE JUNGLE.
YOU HAD TO BE IN
A GOOD PHYSICAL
CONDITION.**



JUAN REYES

MECHANIC AT THE ENERGY DIVISION MANAGEMENT

The scene was always impregnated with epic: over the decades, the Ferreyros mechanic left his headquarters, either in Lima or in a branch office in Peru, carrying more than twenty kilos of tools ready to go to the most remote place and fix the world. The world, in this case, was concentrated in the most important sectors for the country's development: mining, construction, fishing, agriculture... When a problem arises in a machine supplied by Ferreyros, there is a mechanic ready to provide a solution. It is part of the support, warranty, and after-sales agreement. When customers buy a machine, they also buy the complete service. And mechanics know this better than anyone else. It is a commitment taken with rigorous responsibility.

Before the workers of Ferreyros and other Ferreyrcorp companies moved to live in the large mining projects, Ferreyros had a large team of field mechanics, such as Juan Reyes Valdez, who joined the company in 1978 after leaving school. He wanted to fulfill his dream: to be a mechanic. Immediately, as it happened in those years, he took a three-month course. Afterward, he found that learning at Ferreyros was daily through courses certified by Caterpillar and experiences shared in a table talk with his coworkers.

"There was a time when we field mechanics, from 1990 to 2005, saw everything- machines and engines. Learning was constant. My specialty was always engines. Fortunately, I had a family that was supportive enough to give me space to learn. At home, I had my office, and I spent hours checking and learning. My wife brought me my coffee and fruit."

In practice, he not only has to deal with the breakdowns. *"It was tough in the field. We were on the coast, in the mountains, and the jungle. You had to be in good physical condition. I weighed 115 kilos and carried a suitcase of 30 to 35 kilos. If you weigh 70 kilos, you can't lift it. Once I had to carry 25 kilos for 10 kilometers. It was raining. It was*

in the mountains of La Libertad, in Chagual, for the mines in the zone".

That time he had to go on foot. Those were the years when the customer used to transport the company's mechanics in trucks and dump trucks. *"Today the roads are more accessible, and they go by a company truck. I went even by donkey. Once there was a landslide on the road to Cerro de Pasco. I had to return to Lima or go up through Canta. I rented three donkeys: one for the oils, one for the tools, and one for me. We had to get there."*

Like other former mechanics, Juan played a leading role in important exploits during his 44 years with the company. He was in charge of the commissioning and start-up of the first CAT 3606 engine installed on a marine vessel in Peru. He was also in charge of the first 3612 generator set weighing more than 50 tons that Caterpillar activated at more than 4200 m.a.s.l. in a mine. Carrying and installing machinery of such dimensions requires much more than experience. *"I'm a maneuverer when it comes to assembly or repairs. Sometimes the crane cannot get through the roads. I remember that a hydraulic tank could not be lowered from a mining truck. We measured the risks well and we lowered it using marine knots."*

Everyone recognizes the effectiveness of Ferreyros' mechanics, which, in Juan's case, led him to be renamed '99.9'. *"It's satisfying to hit the mark. From 1990 to 2015, I quantified the solutions to the problems solved. It was very presumptuous to say that I solved at 100%, then I said that everything was solved up to 99.9%. Now I have changed, I say that I am a humble mechanic."*

**FOUNDING
MECHANIC
AT THE
COMPONENTS
REBUILD CENTER
(CRC), RETIRED**

The history of Ferreyros' mechanics is also an account of personal challenges. Segundo Varas, a man born in Otuzco in the Andes of La Libertad, carries with him several episodes that speak of self-improvement. He worked in civil construction until he met José Brousset, a Caterpillar manager who recommended him to engineer Arturo Paredes. Like so many others, he started in carpentry in 1981, then moved to the cranes area and ended up as the founding mechanic at the Component Rebuild Center (CRC). His specialty was, above all, fixing engine cylinder heads. He was an expert in that.

"One Friday, a representative of a mining company came by. He needed more than twenty cylinder heads. We had to get them ready for Monday. He told us, 'You're not going to be able to do it.' We were with the assistant all day Saturday. Then I woke up alone, drinking coffee and working. When the representative came in on Monday and saw all the cylinder heads ready in the passageway, he called engineer Lopez and said, 'How many hours are they going to last me?' 'I repaired them. You won't have any problems,' I replied. And we didn't." Segundo has sometimes met Juan Reyes or Carlos Caballero on those field trips. "One is not a know-it-all; one has to turn to one's coworkers. They can be new or old, but you always respect the ideas and produce good conclusions to do an excellent job. Or you call on the phone. When I went to Pataz to serve a mine, there was only a radio, and you could barely hear it. It was more difficult."

Ferreyros is a school, and mechanics has not been an exception. *"If a new machine arrived, they delivered us a course and we got certified. If we had any questions, we asked. Ferreyros is very considerate of its personnel. It's unlikely that we complain because the company provides all the tools we need to act. The younger ones have to follow the older ones and put all their effort and interest into their work and actions."*

Those who know him emphasize his commitment, honesty, and good character, even in the most adverse situations. *"Worrying doesn't solve anything. You have to be realistic and face the crisis. When my wife got breast cancer, I faced it. She needed to have nine vaccines that cost 10,500 soles each. I asked for a loan from the bank. When Gladys Díaz found out, she took me to Andrés Gagliardi, Human Resources manager. They almost punished me for doing that: 'How come you asked them and not us?' he told me. It was a lot of money. I was very ashamed. He gave me a check so I could go to the bank to pay off the loan. How could I not be grateful to Ferreyros! My wife is well. I'm already retired. We live in Rioja, far from the traffic of Lima. We have our farm. It's a paradise. Engineer López asks me if I am working, and I tell him no: how can I work anywhere else. I would be disloyal to Ferreyros who gave me everything during the 37 years I was there!"*

A black and white portrait of Segundo Varas, a middle-aged man with short, graying hair, looking directly at the camera with a neutral expression. He is wearing a light-colored, collared shirt. The background is dark and out of focus.

SEGUNDO

VARAS



JHON ANDÍA

SUPERINTENDENT OF MINING OPERATIONS AT FERREYROS

Jhon Andía belongs to the generation that combined mechanical work experience with technical and higher education. Juan Reyes joined in the seventies and Segundo Varas in the eighties, Jhon joined in the nineties, exactly in 1991. He was twenty years old, an automotive technician with three months of practical training according to his résumé and a certificate of studies issued by Senati, since he had not yet received his diploma. But Jhon had always been working with his father, who was a mechanic. He arrived through an advertisement he saw published on the mural of the institute in Arequipa.

At Ferreyros, he started at Services, working at Support and Warranty. The first thing he did was to start sharpening his ear: *“The sound of a diesel engine is different from a gasoline engine. Caterpillar engines sound very loud. I remember that I repaired an engine of a genset. To me, it was breaking apart, and I told the master to shut it off. Then he wanted to hear it. I turned it on and waited for him to say ‘turn it off,’ but it was still running. Nothing was destroyed. That’s when I started to sharpen my ear.”*

The first year he was in charge of two brands, Chevrolet and Massey Ferguson: tractors, rice harvesters, mills, power generators, rollers, motor graders, asphalt pavers, marine engines.... Then came large mining projects and other small mining projects, where Caterpillar 930 front loaders were used.

Each mechanic has evolved along with the machines and trucks, and has made them witness the growth of Ferreyros and Caterpillar. The mechanics have had to deal with equipment specially prepared to operate in mining projects located more than four thousand meters above sea level. This is the case of a mine where Jhon went to work for six months... and stayed for five years. *“In the pit, there was snow on one part of the mine. It rained a lot, it hailed. There were day and night shifts.”*

The mine does not stop, and neither do Ferreyros’ mechanics. They rotate shifts to cover 24 hours a day. *“I know because I’ve lived it. I understand that difficult work. We have worked under rain, thunder and lightning. That’s how we worked. Going to each site was a great experience, and we were satisfied to see that everything was operational and rolling.”*

Like his fellow mechanics, Jhon wanted to study. He knew that, at Ferreyros, if he studied, he would be able to pursue a degree. In one of his positions, he began studying Industrial Engineering, but was unable to finish. Some time later, he was transferred to another mining operation as part of the Ferreyros team. He started as a supervisor, then he was head of Planning, head of Operation and today he is superintendent of operation. There he was able to resume and conclude his degree. *“Ferreyros gave me the opportunity, and now we are giving it to other technicians and mechanics to continue growing. Today some of them are heads of maintenance, or superintendents like me. This is part of our recipe for success.”*

The contract with the mining company requires high equipment availability. They started with nine 797 Caterpillar trucks. *“They told us that it was such a high goal, that it was impossible, even the customers. We said we could do it, we believed in it. Every year we have been able to achieve this, now with twenty-nine trucks. I’m proud, my team has done incredible things in nine years in a row. We have the best availability in the world. The customer has congratulated us, they are our ally, without them we could not achieve this number. It’s not that we invented something, it’s the passion of the people at Ferreyros to do things well that makes it possible, from the old technicians who put a lot of enthusiasm into it to the younger ones.”*

“

**FERREYROS GAVE ME
THE OPPORTUNITY,
AND NOW WE'RE
GIVING IT TO OTHER
TECHNICIANS AND
MECHANICS SO THEY
CAN CONTINUE
TO GROW.**

”

(The booklets inserted in this book are intended to pay tribute to all those who have served the company in distinct roles).



**YOU LEARN A
LOT IN THE FIELD.
AND I HAD THAT
OPPORTUNITY.**



GINO

RICCI

ENGINEERING MANAGER, RETIRED

Ferreyros engineers spend their days finding solutions. Whether in demanding meetings with customers, exhausting workdays alongside mechanics, or supervising operations in places of complex geography. There they are, taking on important challenges. One engineer whose history has shades of legend is Gino Ricci. He joined the company in August 1965, although the relationship began in two curious moments: first, when he was a student at UNI and needed to do practical work in a repair shop, but not just any repair shop. “I was looking to practice with a dynamometer, and at that time, the only one in Peru was owned by Ferreyros. My father knew Jorge Grieve, the technical manager at the time. He contacted him, and they accepted me.” That’s how it all began.

The second moment came a few years later when Gino became the company’s customer. Yes: as a representative of a firm linked to the mining sector, he bought Caterpillar equipment and frequently requested services. “I was working in a company created by some relatives, so I approached Ferreyros to ask for a mechanic to check a compressor that was vital in a mining area. I took the mechanic to the top, where the engine was. Everything was going well until the invoice arrived. The mechanic had written down a large amount of overtime. The mine superintendent complained to me. So, I went to Ferreyros, told them, and they canceled the overtime. We were all happy. Later, already at Ferreyros, I had to travel with that same mechanic.”

Ricci’s career in the company was meteoric. He started as a service engineer, and soon after, he was offered the position of head of Repair Shop. At first, he turned it down. He enjoyed being out in the field, delivering equipment, and checking machines in operations. However, he ended up accepting the offer. “I liked going out to do my services. I delivered the first machine a major public works contractor had for decades within the country. I remember that I went without a

mechanic. I drove my car as far as I could go. Then I took my tools and walked. I made all the adjustments and went back to Huancayo to the customer’s office to get him to sign the report. He told me that he hadn’t seen the delivery and didn’t sign it. I returned to Lima upset. Luis Indacochea laughed because he was a friend of that customer and already had the report. I still got upset.”

As he continued climbing positions – he became Spare Parts and Services manager, and later assistant general manager – Gino experienced epic situations, such as those that occurred when important infrastructure works were being carried out in the Peruvian Amazon. “It was incredible what we sold from Caterpillar: front loaders, D6 to D8 bulldozers, mechanical shovels. Once, between the roads of Tarapoto and Yurimaguas, it rained heavily. I was under one of the trucks and suddenly the company’s representative in charge of the work, a foreigner, arrived. He said to me: ‘Oh, are you working?’ Yes, I answered, we are working. On my way back to Lima, I met him at the airport. I was carrying a briefcase. As a gesture of courtesy, he took it from me and carried it to my boarding gate. A few days later, a nice thank-you letter addressed to Ferreyros arrived at the company.”

For Ricci, the key to Ferreyros and Ferreycorp reaching one hundred years successfully lies in two elements: first, the influence of their ally Caterpillar which always invited them to replicate strategies and good practices, such as building specialized repair shops. This was later reflected in the Component Rebuild Center (CRC), with unbeatable results. And second, perhaps the most important, the sense of belonging of their employees, especially those who laid the foundations. “We have reached one hundred years because we all felt that it was something ours, something that was being built and we were part of that growth.”

HEAD OF TRUCK TECHNICAL SUPPORT

Yuri Yarango's history at Ferreyros is one of love at first sight. In the last semester of his studies at Tecsup, Yuri had the opportunity to choose from a triad of options the organization to do his internship. It was a privilege granted to the most dedicated, and he was at the top of the list. The competition among the best in the previous classes was for a place in a major mining company, so everyone was surprised when Yuri chose Ferreyros. He had heard of the company's reputation and was captivated by the possibility of joining the company. *"I knew it was going to be a much bigger company than it already was at the time, so that's why I chose it. We were welcomed on a Monday, December 10, 1997."* Time would prove that his choice was the best one.

The CRC was the place where Yuri started working. He had his overalls in his backpack ready to put them on, but to his surprise, the person in charge of delivering orientation told him that he would be working in the office. His first task was to control the entry of components into the repair shop and check their quality upon exit. Today this process is called planning. *"In the beginning, I was worried because I wanted to take my wrench and do repair works. Then I realized that this could represent a setback in my career of three to five years. I would have had to prove that I could do more strategic things to be moved to the Technical Support area, which is where I started."*

At Ferreycorp, there is a culture of talent training that goes beyond delivering courses. Those who are in charge of personnel, especially young people, always find a way to get the best out of them. *"I had finished my internship and wanted to stay. I was transferred to an area where they still needed interns, led by César Paz. I was there for three months. I asked him if they could hire me. He said no but then asked me to stay one more month to replace him during his vacation. I had a hunch; it could be a test. Then César came back and*

didn't tell me anything. The next day, I went incredibly sad to pick up my things, and in the middle of the morning, they called me down to the basement to sign my contract. I was so happy that I cried. I called my mother. She had been a nurse, and when she retired, she was earning 900 soles. She was thrilled because my first salary was 1500."

Like other engineers throughout the company's history, Yuri's career at Ferreyros has also been marked by learning and professional growth. In addition to the company's courses, he completed his engineering studies at UPC, an academic achievement that demanded his greatest effort. There is one episode that reflects his great capacity to absorb new knowledge: Yuri was appointed technical communicator at CRC, a supervisory position. This promotion caused him concern. *"I told them, 'Are you aware that I'm 21 and have only been a collateral analyst?' They replied, 'We see skills in you. Plus, you're going to be joined by a consultant from Caterpillar, Terry O'Shea. You're going to learn from him.'"* And he did. Not only technical aspects but to speak English. Terry noticed that Yuri did not understand it or speak it fluently, so Terry communicated only in English. Terry got annoyed when Yuri used Spanish. After a month, the mission was accomplished. *"Terry gave me something that would help me forever."*

Yuri chose Ferreyros twice. The first was to do his internship, and the second was when he turned down a job opportunity in Jamaica. Terry, his Caterpillar advisor and English teacher, suggested going with him to Jamaica. Yuri felt he was too young and still had much to do in the company. He wasn't wrong. Soon after, he moved to the technical office of the Large Mining Division, where he remains until now. He joined as a technical communicator and then became an auxiliary fleet specialist. In 2012 he took over as head of truck technical support. *"Engineering is what I love. I've never felt like I'm going to work. It's like playing, but as an adult."*

A black and white portrait of Yuri Yarango, a man with dark curly hair and glasses, wearing a light-colored button-down shirt. He is smiling slightly and looking towards the right of the frame. The background is dark.

YURI

YARANGO

A black and white portrait of Jesuine De Córdova, a man with short dark hair, looking slightly to the right of the camera. He is wearing a light-colored collared shirt. The background is dark.

JESUINE

DE CÓRDOVA

CRC OPERATIONS ASSISTANT MANAGER

“Every day was an adventure.” That is the phrase that engineer Jesuine De Córdova used to reply when asked what his working days were like in the field with Ferreyros, Ferreyrcorp’s flagship company. His first work assignment, in 2007, forced him to deal with landslides, torrential rains, and storms, in addition to a cold that froze even his fingers. “I loved those moments; we never knew what was going to happen. On Monday we had no idea where we were going to be on Tuesday. We just had to stay alert to support customers.”

If there is one thing that characterizes Jesuine’s career in the company, it is movement. He was still in one place only when he joined the company in 2006: he spent four and a half months training in the repair shops in Lima. His thing has always been to be in the action zone, next to the machines, in a jumpsuit, and with tools in his hand. After that orientation training, he expected to be sent to his homeland, Arequipa, to work in that branch, but he had to travel to Puno instead, to the small town of San Antón, at more than 3900 meters above sea level, to serve contractors building a major road project. *“Once, we had to leave at three in the morning. An excavator failed and blocked a busy road, causing terrible traffic. ‘How dare this little guy think that he is capable to solve anything,’ they thought when they looked at me. But there we were, the technician and I, changing the injectors and fixing the problem. That was how I spent my days.”*

The company’s engineers know corners of the country that do not appear in tourist advertisements. Like so many others, Jesuine lived several years of adventure in the south. After Puno, he was sent to service another section of the project in Cusco. Together with his team, he traveled extensive and rugged roads between the Andes and the Amazon, and landslides were the order of the day. *“We were stranded for many hours. We carried some basic food and a few things to make those long*

waits less tedious. We were prepared. We had many adventures over there. I learned a lot.”

Jesuine’s dream of working at the Arequipa branch when he joined as a trainee engineer later became a reality. He was appointed head of Field Services at the branch in his hometown. There he began another important stage of his career. He would later be promoted to head of Services at the same branch. At that time, together with the team, he achieved several milestones, such as setting up the Juliaca and Tacna offices. Jesuine was living an incredible moment, not only professionally but personally. *“Ferreyros also gave me what I love most in my life: it allowed me to meet my wife and mother of my two children. The initial contact with her was by email. Then I met her in person. Years later, we met again: she was in a mining operation, and I was in the branch, so we saw each other sporadically at the branch. We started dating and thus began a relationship.”*

During that period in Arequipa, Jesuine became a father. And to that happy moment, another was added then. *“I got a call from the Product Support manager to propose me the position of head of the Lima CRC. He caught me by surprise. I asked him to let me consult with my wife, which I did, and we decided that I would say yes. It was an important proposal.”* Jesuine is now an assistant manager, and although he sometimes misses being in the field, he is happy because he continues learning from his new responsibilities. *“I think you learn a lot in the field. And I had that opportunity. Today, together with my team, we continue creating development not only for the company, but also for the country.”*

“

**ENGINEERING IS
WHAT I LOVE. I'VE
NEVER FELT LIKE I'M
GOING TO WORK. IT'S
LIKE PLAYING, BUT AS
AN ADULT.**

”

(The booklets inserted in this book are intended to pay tribute to all those who have served the company in distinct roles).

“

**WE WORK FULL
STEAM AHEAD
TO MEET THE
LOGISTIC
NEEDS OF OUR
CUSTOMERS.**

”



ANDREA

SANDOVAL

CORPORATE AUDIT MANAGER

All areas play important roles at Ferreycorp but there is one whose function is fundamental: the planning and management of all the flows from the start of production to the end customer. This is the job of the Logistics team. Since she joined the company in 1986, Andrea has been involved in spare parts logistics and has seen the purchasing, warehousing, and sales and marketing operations. Such initial learning let her know the relevance of this team and, at the same time, fall in love with her work. *“I am passionate about logistics. That’s where I developed my skills. I used to tell my team that we won’t be applauded for the things that go well, but we’ll be remembered for the things that go wrong. It is a critical area, an area of responsibility, so it must be in good hands.”*

When she joined Ferreycorp, Andrea reached a milestone: she became the company’s first female engineer to see operational issues. *“It was a challenge to be the first female engineer and gain everyone’s trust. They looked at me and thought, ‘How dare this little girl thinks she is going to teach us anything.’ Studying at La Católica helped me because there were between ten and fifteen women at the engineering school. I was the only woman who finished. I already knew how to be in a male world. Later, working at ESAN in the computer center, the same, more men. When you grow up like that, you know that what you learn is what you need to put into practice. Today everything has improved.”*

The privatization of mining led companies in the sector to approach Ferreycorp. The logistics team needed to be up to par because these companies expected to find international standards, so they sought support from Caterpillar. *“The Component Rebuild Center (CRC) was created 25 years ago, and, at the same time, we set up our first Spare Parts Distribution mini-Center (CDR). I visited several warehouses in the United States and, compiling the best of each one, we made our own, which was inaugurated together with the CRC. I remember that Gino Ricci, my boss, told me that people from a mining company came and said: ‘This is the company with which I want to work. That is achieved by instilling improvements, and that is what I try to do as an industrial engineer.’”*

In Logistics, as in other areas of the company, leaders are being formed with each step they take, even without being very aware that their superiors are observing them to give them new challenges. That happened to Andrea, whose leadership skills allowed her to lead two key system implementations: in 1988, the DBS with Caterpillar, commanding a multidisciplinary team, and, years later, from 2016 to 2020, leading the SAP implementation. *“I was pulled out of my position for a year for the DBS. Then when I returned to my area, I was in charge of not only Logistics Management, but Spare Parts Sales Management. In 2016, I was asked to lead the SAP implementation. I thought it was going to be two or three years in that project, but it was five. It was a challenging but wonderful process.”*

Andrea’s trajectory also includes having taken part in the development of new companies. She helped with the rethinking of Efe Warehouses and turned it into Fargoline. *“It went from being a company with nine employees and 8,000 m² to having more than two hundred employees and 80,000 m².”* Today it is dedicated to warehousing, transportation, distribution, and logistics in foreign trade. Another was Forbis Logistics, to provide international freight forwarding services, which she knew well because she had contracted these services before. *“Looking to streamline and do everything better, we came across different types of logistics operators that did not always give us what we needed. So Forbis was born to have that capacity. Why not have our own company and at the same time provide this service to the outside world? Now, between the two of them, they have a turnover of more than US\$70 million.”*

Andrea continues making history in the company: today, she holds the position of Corporate Audit Manager after serving as assistant manager last year, and her loyalty remains intact. *“In professional life, there are many invitations to other jobs, but I have chosen to stay here because I can’t imagine myself anywhere else. I feel proud and grateful to be in a century-old company.”*

CDR WAREHOUSE SUPERVISOR

When Andrea Sandoval said that the Logistics team needs to be always well cared for, she was referring to people like Javier Fernández. With 61 years old, 29 of which he has been with the company, Javier, from the depths of the Spare Parts Distribution Center (CDR), is one of those responsible for making things happen, the delivery of the spare parts to the machines, the perfect condition of the parts upon their arrival at the warehouse, the team working happily... The latter is the big secret because those who work happily are more productive. *"I always tell the guys to see the warehouse as their second home. There are a lot of people who would like to work here because the work environment is excellent. It's a good place to work."*

The key word in Javier's history is resilience. He has always known how to reinvent himself to overcome adversity. *"I'm from the north of Lima, from Paramonga. My parents were poor. I finished elementary school when I was thirteen. My father told me not to study anymore because I had to work on the farm. I wanted to study, so I enrolled in night school. I was fourteen or fifteen years old. It was difficult because I walked home at night. I joined the Army in July 1980, and in January of the following year, when the conflict with Ecuador began, I was sent to the front. I thought I was not going to come back. I finished high school a little older. I worked in a metal-mechanic company. It was hard, the night came, and I was worn-out."*

It was early 1993 when Javier joined the company. Because of his profession as a maintenance mechanic, he was supposed to work in the repair shops. However, a job opening at the warehouse was about to be created by a worker's retirement, so he seized the opportunity. *"I was a warehouse operator, so I had no problem working in any area. That's how I started until I realized I was starting to manage, and I was paid attention. Eventually, I became an assistant and then a supervisor. Because I like manual things so much, I also did operator work and taught the others."*

As with many workers, leadership skills that begin to emerge naturally are supplemented by training provided by the company. Javier has been able to find ways to connect with the fourteen people under his charge of supervisor at CDR, where he has worked since he joined the company. *"I have been winning over each person who arrives. I always tell them that we don't just earn money here: we contribute to the country, we gain experience, and we can go further."*

Before, four supervisors worked at the warehouse. Now, there are sixteen in charge of various parts of the process. Javier, for example, is responsible for the Receiving area. *"I see everything that comes in by sea and air. I'm in charge of stock distribution. We are measured by time. For example, air distribution takes 20 hours from cargo clearance through Customs. We process everything from here, and we have personnel there. We have to be fast. When the cargo arrives, we get it in as quickly as possible. There is a picking area that gets the orders out for internal and external customers. In the case of mines, the spare parts go out by faster routes. There we serve them in emergency shifts and after hours. The customer always comes first."*

Javier is filled with pride when he looks back and notices the company's growth, which he measures, for example, in the number of forklifts used at the warehouse. *"Containers arriving from Customs are lowered with forklifts. We used to lower them manually, and it was complicated. When our first forklift arrived, we took great care of it. Now we have twelve. We have yellow blood; we are proud to belong to this company. I spend more hours here than at home. I see my people as my family."*

A black and white profile portrait of Javier Fernández, a man with a mustache, looking towards the right. The image is partially obscured by large green text.

JAVIER

FERNÁNDEZ



ROXANA

MORI

SENIOR
LOGISTICS
MANAGER
FOR MINING
OPERATIONS

Just as Andrea Sandoval was the first female engineer in the company to see operational issues, Roxana Mori reached a similar milestone: she was the only female assistant in a mining operation where Ferreyros was involved. As is well known, the company plays a crucial role in the mining sector with its machinery and support services in practically all the activity of this sector in the country. In this universe where the male presence is predominant, Roxana knew how to stand out as a professional by sharing knowledge and exercising extraordinary leadership. *“I came to the company in 2000 through a contract that Ferreyros had with an important mining company in Cajamarca. That’s when I began to take interest in the company and fall in love with its work. Those around me were leaders who taught me many things. They gave me the opportunity to join Logistics as an assistant. That was the beginning of my career in that area. And I liked it, and I was the only female operator.”*

As time went by, Roxana realized that being part of the company entailed pursuing professional studies. Consequently, she made a crucial decision: to study Business Administration at university to strengthen her talent and knowledge. Along with her studies, she began a path of growth in the company. From clerk, she became a Logistics assistant in 2010. In this position, she started a continuous improvement project to measure the productivity and efficiency of the mining logistics processes. Subsequently, she was asked to supervise the Ferreyros operation in another open pit mine. After fifteen years in Cajamarca, Roxana moved to Trujillo for this new challenge, which lasted until 2013. When she became pregnant, she held an administrative position in Lima for a while. Then changes of city, work, and mining operations continued and, with them, she gained greater experience as part of the Ferreyros team. She took on a logistical supervision role. Later, she took on a management position until finally becoming the senior logistics manager at the mine where she is still working.

Large Mining is one of the company’s largest and strongest lines. Logistics workers in this division must be prepared to deal with demanding customers, to whom they must respond efficiently and quickly. Roxana knows this very well. *“We work full steam ahead to meet the logistics needs of our customers. It’s a demanding and dynamic universe, so we work 365 days a year, 24 hours a day, 7 days a week, in day and night shifts. I’m always with the Logistics team leading in the field. With the pandemic, it was restricted a bit, but we are still there despite the climatic or geographical adversities. It’s not like working in an office; it’s different and gratifying.”*

Like all her team, Roxana has been able to see the technological advances in the company. She remembers the SAP implementation, in which Andrea Sandoval participated, as a big step. *“After a lifetime with DBS, we moved to SAP. Things have been evolving, and that’s why I admire Ferreyrcorp. When I joined the company, I walked around with bundles of papers that I had to enter into the system to feed it and get information. A lot of documentation was handled. Today it is more digital. There is an evolution in every sense.”*

The evolution to which Roxana refers also includes women. *“Twenty years ago, we didn’t breathe what we women breathe now. I used to see boys wearing overalls, so I asked for mine too. A woman can work where there is iron, not only in an office. We are made for all kinds of work, always acting with intelligence, with knowledge. Now I’m in a mine, but if they need me in other mines in the future, I will be there. What matters is to contribute to the company’s objectives and the country’s development.”*

“

**I'M PASSIONATE
ABOUT LOGISTICS.
THAT'S WHERE I
HAVE DEVELOPED
MY SKILLS.**

”

FOR THE NEXT HUNDRED YEARS

The history of Ferreycorp and its main company, Ferreyros, is the history of thousands of people who have contributed to get this far, up to the date of celebrating its 100th anniversary. It is the collective story of a huge group of Peruvians who joined the dream, ideas, expectations and goals of the founders and successive leaders, and made them their own to advance towards a common goal of growth, aiming at the development of the company and the country. A great objective that was later joined by people from other countries to do the same in their territories.

It is the legacy of a great organization that has expanded and transformed, which brings together various companies that manage a broad and recognized portfolio of brands, both throughout Peru and in other parts of the continent. It contributes to the progress of the countries where it operates, faithful to its purpose. *Together we create development.*

At the end of this book, the reader will have been able to identify the reasons why the company has reached its centenary. There is some consensus on the foundations that sustain this company: integrity, fairness, respect for the individual and commitment, adaptation to change and resilience, transparency and openness to discuss ideas and find solutions, humility and gratitude, capacity building, careful leadership succession.... These are the fundamentals that have allowed the company to embrace the vision of its customers and put them first, seeking to meet their changing needs and ensuring their maximum satisfaction, hand in hand with high quality and prestigious brands that are an essential part of its offer, and that have made possible the contribution to society.

Some final expressions of their leaders summarize what we have reported in these 256 pages.

“We are a company that many years ago took on the task of making life easier for our customers, of helping them to carry out even the most complex projects. Their achievements nourish us, motivate us, and make us work harder. Working for the customer’s success is the key to our business. If the customer is not successful and we are, it will not be sustainable. Since the first generations, we have not only cultivated a permanent professional interaction with customers, employees and suppliers, but we have also incorporated citizenship and community in our actions, of taking responsibility and making a positive contribution to the ecosystem of which we are a part. Our work is all over the country. This is a company designed to do things well, with a very high execution capacity. A very well-trained muscle. We do not go through life lightly, but we are daring to invest, betting on currents that we see as positive, sometimes even creating trends in the industry. A sound and correct company that does not take shortcuts, a company with discipline and compliance, with a motto of always going forward, and we will go on like this for another hundred years”, concludes Gonzalo Díaz Pró, General Manager of Ferreyros.

It is a centenary, but in all this time, if the company has lasted, it is also because it is one step ahead, it plans, projects into the future, adapts and is ahead of its time. Óscar Espinosa Bedoya, former General Manager and former Executive Chairman, who set the company’s course for forty years, says,

“Successful companies must analyze well what made them successful in order to maintain those characteristics when projecting themselves over time. Ferreyros was born as a company open to the world. It went from being a representation house to a large corporation. It was able to overcome crises, global and national economic cycles, radical changes in public policies, and terrorist violence. At some point in its history, Ferreyros became a true organization, with a clear vision, precise objectives, an attitude of change and values that nourish it and guide its performance. It

knew how to constantly evolve, prepare itself on a daily basis to withstand the competition, and to make its processes more sophisticated, and to learn to appreciate the demands of its clients. This ability to adapt to changing circumstances, this resilience in the face of adversity, together with a firm adherence to values lived with conviction, generates a great potential for success in facing the future. Today, in its undisputed leadership position, with its feet in the present and its eyes on the future, always exploring opportunities for diversification and protecting the valuable asset that is Caterpillar, the company has everything it needs to continue to be successful for the next 100 years.”

Andreas von Wedemeyer, Chairman of the board, is convinced of the role of people who receive knowledge and broaden it to meet the challenges and demands of their time, and ensure the transcendence of the organization:

“We need to support a common mission, a philosophy shared by everyone in the company: to think about the day after tomorrow when we are living in the present. And always try to have ideas of solutions for the day after tomorrow. It is what the company has done and what we must continue to do. We will keep untiringly trailblazing in the development of products and services that make our customers have better business. Work with them with a broad mind to devise solutions in addition to what has been done so far, to provide what they need. We have managed to be a company with the capacity to attract investment and technology to Peru and the region. I hope that there are more companies that manage to make this effort for Peru and its people, so that we all have a better future. Doing a good job implies caring about people and creating development opportunities for them: the few companies that have turned 100 years old and reached a higher level have put a lot of effort into it. We rely on technology as much as on our people. That is one of the key things we have done well. While entrepreneurs live as long as God permits, companies can last forever when they succeed in getting one generation to pass the baton onto the next. Such has been the case of our company through seven generations of people who have shared the same dedication.”

Generations of thousands of people who give their lives to a common goal, who are past, present and future, as explained by Ferreycorp’s General Manager, Mariela García Figari de Fabbri,

“The history of the evolution of our company from scratch has given us the confidence that we can do great things, that we know we can. In addition, the prevalence of values and the desire to impact society as a whole, creating development, have given us a great sense of belonging and pride. We have always sought to strengthen and increase the abilities and knowledge of our people, so that, in looking to the future, they can develop new solutions and services for our clients, seamlessly complementing the products of the companies we represent. The above achievements enhance the trust of our customers and all our stakeholders, strengthening long-term relationships and making them more enduring. But we cannot stop at the satisfaction of celebrating a century: today’s world demands greater change, innovation, and creativity. Reaching the 100th anniversary celebration as a benchmark company means a great responsibility for transforming the coming years. It is a responsibility to those who have gone before and to the next generations. We begin our second century with the same dedication as those who came before us: to help make a better country possible.”

That is the wish of the whole yellow-blood family, Caterpillar, that, in one hundred years, merges with the green blood of the corporation that promotes business development, to write this history into the future and for a hundred years to come.

DIRECTORS OF FERREYCORP & FERREYROS SINCE THEIR FOUNDATION

1. Enrique Ferreyros y Ayulo (1922)
2. Manuel Ferreyros y Ayulo (1922)
3. Alfredo Ferreyros y Ayulo (1922)
4. Héctor García y Lastres (1922)
5. Carlos Semsch Strom (1922)
6. Carlos García Gastañeta (1931)
7. Fritz Ehrlich (1932)
8. Carlos Semsch Terry (1933)
9. Carlos Ferreyros Ribeyro (1933)
10. Enrique Ayulo Pardo (1950)
11. Felipe Beltrán Espantoso (1950)
12. Hernando De Lavalle (1950)
13. Carlos Moreyra y Paz Soldán (1950)
14. Héctor García Ribeyro (1951)
15. Juan Moreyra y Paz Soldán (1951)
16. Alfredo Ferreyros Gaffrón (1959)
17. Enrique Ferreyros Ribeyro (1959)
18. José Tagle Rezza (1966)
19. Tulio de Andrea (1966)
20. Manuel Elguera Mc Pailin (1968)
21. Carlos Ferreyros Aspillaga (1971)
22. Luis Moreyra Ferreyros (1977)
23. José Carlos Ferreyros Balta (1977)
24. Ricardo Mulanovich Magill (1977)
25. Jaime García Ribeyro Dañino (1982)
26. Jorge Ferreyros Gaffrón (1982)
27. Eduardo Montero Aramburú (1982)
28. Carlos Muñoz Torcello (1982)
29. Enrique Normand Sparks (1982)
30. Gustavo Urrutia Boloña (1982)
31. Geraldo Arosemena Garland (1985)
32. Juan Manuel Peña Roca (1985)
33. Óscar Espinosa Bedoya (1988)
34. Jorge Picasso Salinas (1993)
35. Manuel Bustamante Olivares (1999)
36. Andreas von Wedemeyer Knigge (2005)
37. Hernán Francisco Barreto Boggio (2005)
38. Aldo Renato Defilippi Traverso (2005)
39. Juan Manuel Prado Bustamante (2005)
40. Carmen Rosa Graham Ayllón (2011)
41. Ricardo Briceño Villena (2011)
42. Raúl Ortiz de Zevallos Ferrand (2011)
43. Humberto Nadal Del Carpio (2017)
44. Jorge Ganoza Durant (2017)
45. Javier Otero Nosiglia (2017)
46. Gustavo Noriega Bentín (2017)
47. Thiago de Orlando e Albuquerque (2020)
48. Alba San Martín Piaggio (2020)
49. Mariela García Figari de Fabbri (2020)

